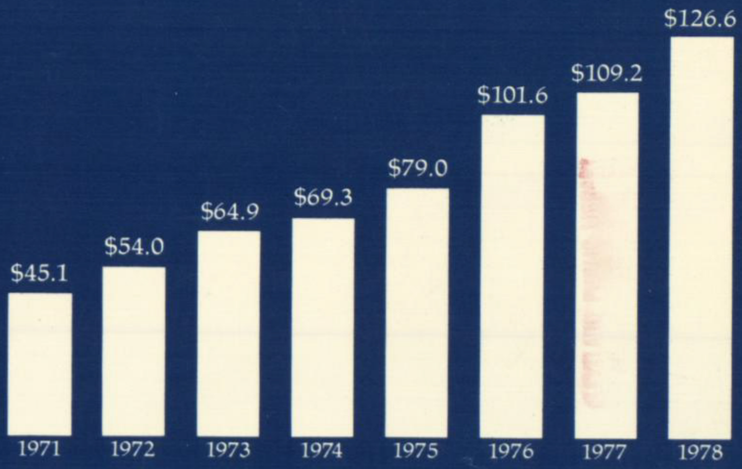
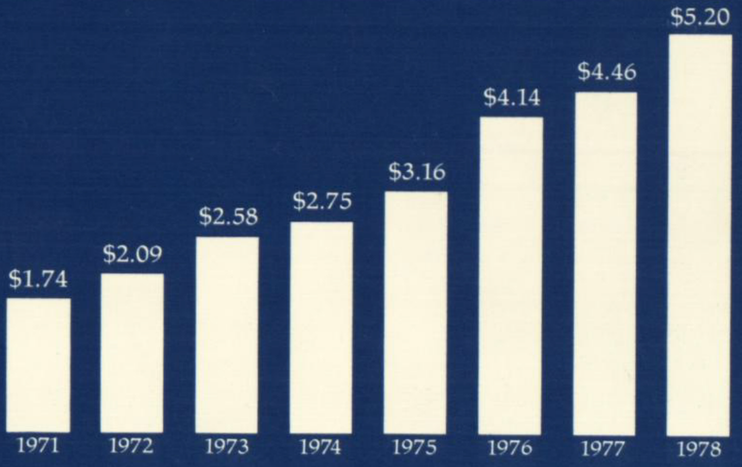
Dart Industries Inc. Annual Report 1978

Net Earnings (MILLIONS)



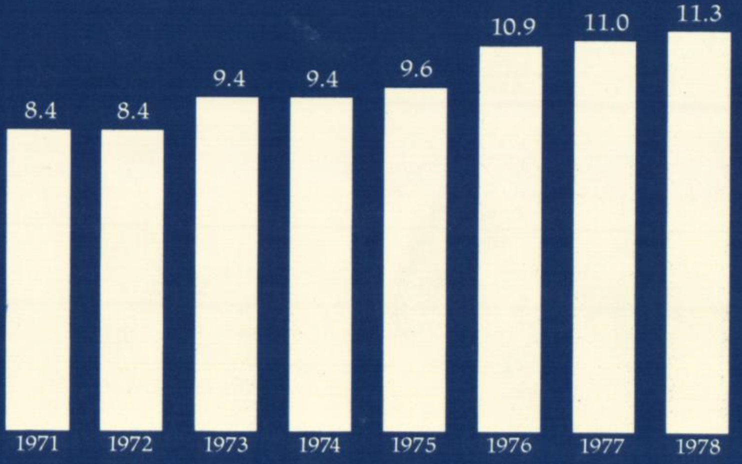
Net Earnings Increase for Eight Consecutive Years

Earnings Per Share



Earnings Per Share Growth Rate Exceeds 16 Percent Over Eight Years

Return on Total Capital (PERCENT)



Return on Total Capital Advances to 11.3 Percent

Table of Contents

Company Description 1
Year in Brief 2
Letter to Stockholders 4
Operating Segments Financial Summary 7
Operations Review 8
Companies and Products 22
Financial Statements 23
Management's Discussion and Analysis 40
Five-Year Summary of Operations 41
Ten Years at a Glance 42
Board of Directors 44
Committees of the Board 45
Officers of the Company 46
Investor Information 47

Annual Meeting

The Annual Meeting of Stockholders of Dart Industries Inc. will be held at 9 a.m. on Thursday, May 3, 1979, at Corporate Headquarters, 8480 Beverly Boulevard, Los Angeles, California.

For Further Information

General inquiries about Dart Industries or requests for additional Annual Reports, the Form 10-K or other Corporate materials should be made to:
Corporate Communications
Dart Industries Inc.
P.O. Box 3157, Terminal Annex
Los Angeles, California 90051

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Company Description

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Dart Industries Inc.

Dart Industries is a diversified, multinational, consumer-oriented company with more than 40 operating divisions and approximately 42,000 employees. The Company's products are recognized and used in the day-to-day activities of people around the world.

Dart Industries is best known for its *Tupperware* quality plastic food containers, *Duracell* high-performance batteries, and *West Bend* cookware and small electric appliances. To builders, remodelers and architects, it is recognized for its *Wilsonart* decorative laminates. Plastic molders and extruders perceive Dart as the manufacturer of chemical specialties and *El Rexene* plastic resins. Bottlers and food manufacturers view the Company as the marketer of *Thatcher* glass containers.

Dart is organized into five major operating segments—Direct Selling, Consumer Products, Chemical-Plastics, Glass Containers and P. R. Mallory.

Direct Selling

This is the largest business segment within Dart Industries and is comprised principally of the Tupperware division, a manufacturer of plastic containers for preparing, serving and storing foods. Products sold by the other Direct Selling divisions include copper giftware, cosmetics and toiletries, and specialty cookware. The Tupperware division, which operates in more than 30 countries throughout the Free World, has more than doubled its sales and earnings every five years since 1958, making it the largest direct selling home party organization in the world.

Consumer Products

Divisions of the Consumer Products segment sell their products principally through retail outlets, mass merchandisers, and catalog showrooms. West Bend, one of the nation's leading buffet appliance and non-electric cookware manufacturers, is the principal division within the Housewares sector. Divisions in the Home Fashion sector manufacture and market such products as three-dimensional decorative wall accessories, insulated serving ware and carrying cases, cushions and hassocks.

Chemical-Plastics

Chemical-Plastics, the Company's second largest operating segment, is organized into three product areas—chemical specialties, plastic raw materials and plastic products. Chemical specialties range from end products, such as plastic hose and tubing, to colorants and additives used in the production of plastic and rubber products. Plastic raw materials include polypropylene and polyethylene plastic resins.* Plastic products consist of decorative laminates for residential and commercial construction, polystyrene cups, surgical supplies and tubes, seals and closures.

Glass Containers

Thatcher Glass is a major manufacturer of glass containers for the packaging of beer and other beverages, and food. The division has six domestic manufacturing facilities and two mold making plants.

P. R. Mallory

A new business area was added to Dart Industries through the acquisition of P. R. Mallory in late 1978. Mallory is a leading manufacturer of high-performance primary batteries used in photographic equipment, toys, smoke alarms, portable calculators, flashlights, and many other consumer products. The company markets its batteries worldwide under the *Duracell* brand name. Mallory's other products are timers, controls and capacitors used in appliances, communications equipment, and for other markets.

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*Jointly owned with El Paso Products Company

Year in Brief

Earnings per share increase 17 percent to $5.20, or net earnings of $127 million, resulting in a new record and the eighth consecutive year of growth

Reassessment of low return businesses to upgrade earnings quality continues to show progress

Four major product segments show earnings improvement

Tupperware division sales advance 18.5 percent to $603 million; twentieth consecutive year of growth

Thatcher Glass sets a new earnings record of $37 million, bettering its previous high, established in 1975, by over 20 percent

P. R. Mallory, a leading manufacturer of high-performance primary batteries sold worldwide under the *Duracell* **brand name, acquired for $252 million in cash**

Return on total capital advances to 11.3 percent

Quarterly dividend increased from 40 to 45 cents per share in January 1979; projected annual rate of $1.80

1979 expected to be the ninth consecutive year of improved earnings, and another record year

Financial Highlights	1978	1977
Net sales	**$1,820,097,000**	$1,600,988,000
Earnings before taxes	**256,410,000**	200,696,000
Net earnings	**126,610,000**	109,196,000
Earnings per share of Common Stock Primary	**$5.20**	$4.46
Fully diluted	**$4.84**	$4.18
Return on total capital	**11.3%**	11.0%
Return on average Stockholders' equity	**14.2%**	13.6%
Return on net sales	**7.0%**	6.8%

Operating Segments (Dollar amounts in millions)	1978		1977	
	SALES	EARNINGS	SALES	EARNINGS
Direct Selling	**$ 664**	**$185.8**	$ 576	$146.3
Consumer Products	**233**	**26.0**	221	23.9
Chemical-Plastics	**583**	**46.0**	553	42.4
Glass Containers	**299**	**37.0**	260	21.7
P. R. Mallory*	**35**	**1.4**		
Resort Development	**29**	**2.3**	16	(1.9)
Adjustments and eliminations	**(23)**		(25)	
Corporate items		**(42.1)**		(31.7)
Totals	**$1,820**	**$256.4**	$1,601	$200.7

*P. R. Mallory was acquired late in 1978 and its operations are included for the month of December only.

At Yearend	1978	1977
Current assets	**$ 916,528,000**	$ 795,037,000
Current liabilities	**484,473,000**	274,486,000
Current ratio	**1.9:1**	2.9:1
Working capital	**432,055,000**	520,551,000
Long term debt	**287,572,000**	238,716,000
Stockholders' equity	**931,461,000**	846,013,000
Debt to equity ratio	**.31:1**	.28:1
Total capital	**1,219,033,000**	1,084,729,000
Book value per share	**33.83**	30.20
Shares of Common Stock outstanding	**23,208,200**	23,132,600
Shares of Preferred Stock outstanding	**2,925,500**	2,948,500

Letter to Stockholders

1978 marked the eighth consecutive year of earnings growth for Dart Industries. Earnings reached a record $126.6 million, equal to $5.20 per Common share, versus $109.2 million, or $4.46 per share, in 1977. The Company's underlying business strength was indicated by the 17 percent increase, which was achieved while earnings absorbed a 45 cent per share charge for the planned sale or liquidation of certain businesses within the Chemical-Plastics segment. Sales in 1978 were a record $1.8 billion compared with $1.6 billion in 1977.

With earnings performance strong all year, management continued to allocate considerable time to four fundamental improvement programs directed at increasing the long-term value of Dart Industries shares to investors. These programs focus on:

1. Improving earnings quality
2. Reassessing low-return businesses
3. Maintaining appropriate dividend payout and financial policies
4. Implementing a long-term strategic growth plan

Earnings Quality Improved

Two of the three elements of quality earnings—growth and stability—were reflected in our 1978 financial performance. The third element—high return on capital—again showed definite improvement.

Growth was shown by continued earnings gains, our eighth year in a row. Stability was indicated by the fact that four major segments of the business contributed to the earnings advance with the strongest performers being Tupperware, Thatcher Glass, and several divisions within the Chemical-Plastics segment, including Wilsonart.

The sales and earnings gains were recorded both in United States and international operations. Aftertax earnings from international operations totaled $46 million, an advance of eight percent over the prior year. Sales from international operations increased 15 percent, $459 million compared with $400 million in 1977. Operations outside the United States contributed 36 percent of total 1978 earnings compared with 39 percent in 1977. Gains and losses on foreign currency translations in 1978 and 1977 were not material.

Return on total capital, the third indicator of quality earnings, again showed improvement in 1978, 11.3 percent compared with 11.0 percent in 1977. This measure of how productively capital is being employed has averaged 10.4 percent over the past five years for Dart Industries. Although there has been a noticeable improvement made in recent years, management believes the Company is still performing below its sustainable rate-of-return capability. Therefore, we will continue to push forward on this element of earnings quality.

Reassessment of Low Return Businesses Continues

As part of the program to upgrade earnings quality, the decision was made in 1978 to sell or liquidate several Chemical-Plastics operations. The operations involved in these actions accounted for net sales of approximately $60 million in 1978 and an insignificant amount of operating loss. Provision for these actions, which included writedown of properties and other assets as well as accrual for termination benefits and other costs, totaled $10.4 million after related tax benefits, or approximately 45 cents per share. This provision was charged to fourth quarter 1978 earnings.

The Company intends to continue its drive to improve earnings quality through consistent dedication and determination to eliminate marginal profit centers and/or profit centers which do not fit in with the long-term business direction of the Company. The need for constantly reassessing our operations, in recognition of the opportunities inherent in changing markets and advancing technologies, will always be part of our planning process.

Dividend Increased, Financial Policies Reviewed

In early 1978, the Board of Directors established a new dividend policy which eliminated the three percent stock dividend and replaced it with a cash dividend policy representing a payout of approximately 30 to 35 percent of earnings, conditions warranting. At that time, the Board also indicated that dividend increases would be considered on an annual basis. In January 1979, the quarterly dividend was increased from 40 to 45 cents, representing an increase in the annual rate from $1.60 to a projected $1.80, in keeping with the new policy.

The method used to allocate capital also was changed during 1978. We continue to keep all of our operations cost effective and efficient through the judicious allocation of funds for maintenance and cost reduction. However, to add focus to our internal growth plans, major expansion projects must meet a pre-tax return-on-investment target of at least 30 percent and be consistent with the long-term direction of the Company.

In this connection, capital expenditures totaled $99 million in 1978 with $44 million spent by the Tupperware and Wilsonart divisions, where expansions currently are in progress.

In 1979, we are planning capital

expenditures of approximately $130 million. Again, the expansion funds are earmarked for the high-return, high-growth sectors of the Company. Specific projects include expansion of Tupperware manufacturing in South America, completion of the new United States plant for the Wilsonart division and various projects for P.R. Mallory.

The financial condition of the Company continued strong in 1978. Even with the Mallory acquisition, which required cash expenditures of approximately $186 million for shares tendered through December 31, 1978, the current ratio (current assets compared with current liabilities) was 1.9:1 at year-end. Cash and marketable securities at the end of 1978 were $162 million and total assets had increased to $1.8 billion. Stockholders' equity was $931 million. The funds used in 1978 and 1979 for the purchase of Mallory shares all came from internal sources and did not require the use of borrowing. For seasonal working capital during 1979, your Company will borrow on a short-term basis. By year-end, we expect to be in a net cash position.

At the present time, we foresee no need for additional long-term borrowing.

P.R. Mallory Acquired as Part of Long-Term Growth Plan

During 1978, the Company took a significant step in the execution of its long-term strategic growth plan. Late in the year, P.R. Mallory & Co. Inc., a leading manufacturer of high-performance batteries, timing devices and electronic components, was acquired by your Company.

The extensive study which preceded the acquisition concluded that Dart Industries had the earnings momentum and the financial resources to fully develop its present growth businesses as well as finance a major new business—one which would add to Corporate growth through the 1980's.

Mallory met our acquisition criteria in several ways. First, it is in a high-growth business with excellent long-term prospects. Second, Mallory is a leader in its markets with a product line that is high-value oriented. Third, in terms of size, the company is sufficiently large that it has the potential to be a major contributor to earnings. Finally, Mallory has strong management.

The final offer of $51 for each Mallory share, approved by the Mallory Board of Directors, required a cash outlay of $252 million. Ownership of 97 percent of the company was in hand when the offer expired on January 10, 1979, and Mallory became a wholly owned subsidiary of Dart Industries on January 31.

We have been very pleased with the cooperative, constructive manner in which Mallory management has approached the task of joining our two companies. Mallory management has expressed confidence that the acquisition has markedly improved their potential for continued growth, and we are confident that the Dart-Mallory combination enhances the long-term future of Dart Industries and its value to Stockholders. (A description of P.R. Mallory and a review of 1978 performance begins on page 18.)

New Directors

On January 30, 1979, the Board of Directors of Dart Industries Inc. elected Clark Daugherty, 55, and Charles A. Barnes, 59, directors of the Company. Mr. Daugherty also was elected an executive vice president. Early in January, Mr. Daugherty succeeded Mr. Barnes as chairman and chief executive officer of P.R. Mallory. Mr. Daugherty has

Clark Daugherty, *Director and Executive Vice President*

Charles A. Barnes, *Director*

served as Mallory's president and chief operating officer since 1975. Prior to Mallory, he had been president of the Industrial Specialties Group of Dresser Industries Inc. and president and chief operating officer of Rockwell Manufacturing Company. He is a director of Cincinnati Milacron Company.

Mr. Barnes is chairman of the Executive Committee of Mallory and served as chief executive officer for the past 10 years. He joined Mallory in 1958, was elected president and chief operating officer in 1968, vice chairman in 1975 and chairman and chief executive officer in 1976. Mr. Barnes is a director for several Indiana-based companies and community organizations.

Outlook for 1979

The economic guidelines we provided to our operating groups to aid them in their planning for 1979 included our anticipation of a more difficult business climate in 1979 than we faced in 1978. Nevertheless, the Company has demonstrated an ability over the years to perform quite well during economic slowdowns. Our confidence that 1979 should be the ninth consecutive year of improved earnings is based primarily on the proven strength of our businesses and the diversification of Dart Industries.

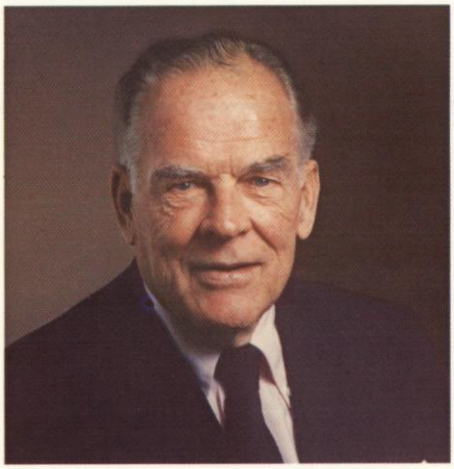
Justin D

JUSTIN DART
Chairman

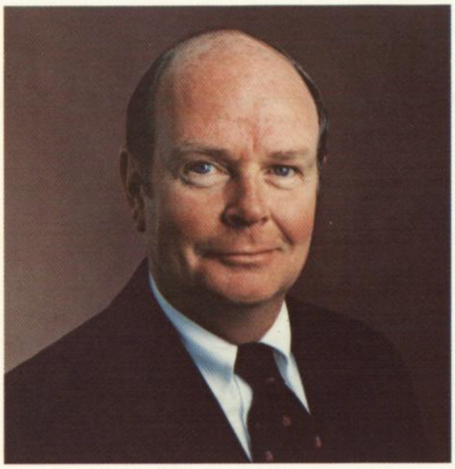
Thomas P. Mullaney

THOMAS P. MULLANEY
President

February 26, 1979



Justin Dart, *Chairman*



Thomas P. Mullaney, *President*

A Message to Stockholders From Justin Dart

Tom Mullaney and I believe that the Free Enterprise system must be preserved—not just for the well being of Dart Industries and its Stockholders, but for every American.

We have all suffered the ravages of inflation—and the further we go down the economic scale, the greater the suffering.

We have witnessed the degradation of Great Britain. Prime Minister Callaghan, the Labor Prime Minister, is doing all he knows how to control inflation and improve productivity; but, he has not been able to control labor. In England inflation is rampant—productivity continues to decline with illegal and irresponsible strikes aiding and abetting this process—wages in excess of productivity are demanded and granted. The people of the U.K and the government are paralyzed.

This must not happen in the United States.

Your Company has had, for several years, an economic education program for its employees. We believe that continual restatement of what makes our economic system the greatest in the world helps remind our employees to vote for fiscally responsible candidates.

We also have a political fund raising committee.

This was very effective in the last election and will be much more potent in the 1980 elections.

Politically, your Company is nonpartisan. "R" stands for Responsible, not Republican. We are supporting candidates of all parties who wholeheartedly support the Free Enterprise system and who are fiscally responsible.

The mood of the country is against big government, higher taxes, excessive controls, and waste. President Carter is talking fiscal responsibility—so is Governor Brown of California.

The United States can be as productive as Japan and Germany only if there is a partnership between government, labor and business to increase productivity.

As Stockholders, we urge you to participate in the political process. Free enterprise can and must survive. The tide is running in that direction.

Operating Segments
Financial Summary

Sales and Pre-tax Earnings

(IN MILLIONS)	1978		1977		1976		1975		1974	
	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS	SALES	EARNINGS
Direct Selling	**$ 664**	**$185.8**	$ 576	$146.3	$ 512	$133.1	$ 459	$108.5	$ 394	$ 98.0
Consumer Products	**233**	**26.0**	221	23.9	251	21.8	247	12.3	254	19.2
Chemical-Plastics	**583**	**46.0**	553	42.4	497	49.0	382	44.3	414	81.9
Glass Containers	**299**	**37.0**	260	21.7	229	29.8	199	30.1	163	18.8
P.R. Mallory*	**35**	**1.4**								
Resort Development	**29**	**2.3**	16	(1.9)	10	(15.3)	10	(17.5)	9	(34.9)
Adjustments and eliminations	**(23)**		(25)		(23)		(17)		(16)	
Corporate items		**(42.1)**		(31.7)		(27.8)		(21.2)		(42.3)
Totals	**$1,820**	**$256.4**	$1,601	$200.7	$1,476	$190.6	$1,280	$156.5	$1,218	$140.7

*P. R. Mallory was acquired late in 1978 and its operations are included for the month of December only.

Direct Selling*

Hamer F. Wilson, *Executive Vice President of the Company; Chairman of the Direct Selling Group*

The Direct Selling segment advanced strongly in sales and earnings in 1978, due to the excellent performance of the Tupperware division, which has a world-renowned reputation as a premier manufacturer and marketer of plastic containers used in preparing, serving and storing food.

Tupperware Operations

Sales and earnings of the Tupperware division worldwide in 1978 increased to record levels. Sales increased for the twentieth consecutive year since the Tupperware operation became a part of Dart Industries in 1958.

Tupperware products are demonstrated and sold only through home parties and provide customers the highest quality plastic containers.

Sales in 1978 set new records in all four of the division's geographic

New sizes, shapes and colors have been added to the *Tuppercraft* Planting System, first introduced by the Tupperware division in 1978. Round planters are now available in small, medium and large sizes. In addition, a new Wedge-Shaped planting system has been introduced. Each planting system comes complete with an easy-view watering indicator, planting medium, liquid plant nutrient and decorative stones. Accessories include a *Plant Care Sheet* and the *Trio Planter,* a set of three planters in a tray for slow-growing plants. All planters are available in fern green, white and russet colors.

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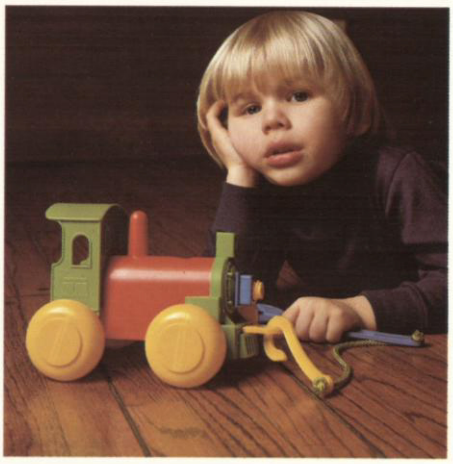
* Financial data for Miracle Maid and Coppercraft Guild are included in Direct Selling in the operating segment tables on pages 3, 7 and 30; operations of these two divisions are discussed under Consumer Products.

Tupperware introduced an average of one new product every 60 days throughout its worldwide operations. Pictured here are the *Deli-Keeper* set for storing lunch meats and cheeses, and the *Pick-a-Deli* container with an easy-lift center for retrieving pickles.

A four-piece, 10-ounce *Servalier* set, ideal for individual-sized serving portions or the storing of leftovers, was introduced to complement the already existing 20-ounce *Servalier* set and *Servalier* bowl set. Each features the Instant Seal.



Children can dismantle and reassemble the new *Build-A-Train* toy, introduced by the Tupperware division during the year. The train, complete with a wrench, helps develop manual dexterity.

areas—United States, Western Hemisphere (outside the United States), Europe and Africa and the Pacific. Sales in Venezuela, Spain and Italy were particularly outstanding, surpassing the overall 18.5 percent gain recorded by the Tupperware division worldwide.

Especially important to maintaining sales momentum are: (1) the number of independent distributors, managers and dealers engaged in the sale of *Tupperware* products; (2) the number of home parties held; (3) party attendance; and (4) the average sale per guest. Each of these performance indices improved, providing the prospects of strong momentum moving into 1979.

New Products Receive Highest Priority

Product research and development and market research continue to receive highest priority. New product development and the study of consumer trends go hand in hand, with the latter providing inputs to research and development areas. During 1978, an expansion of the International Market Research department was initiated at headquarters in Orlando, Florida. Construction also was started on a new expanded research and development facility at Woonsocket, Rhode Island, which is due to be completed in April 1979.

The end result of research and development and market research activity is seen in new product introductions each year. During 1978, as in previous years, new *Tupperware* products were introduced at an average of one every 60 days worldwide. At the same time, Tupperware laboratories have their largest backlog ever of approved new product concepts for future release.

One such new concept, the *Tuppercraft* Planting System, was introduced in the United States during 1978. In addition to its contribution to the outstanding United States sales record, the indoor planting system proved helpful in building attendance at parties and in encouraging new party datings wherever it was demonstrated.

Plans are underway for the introduction of the *Tuppercraft* Planting System into other countries.

Precision Engineering—Key to Success

Tupperware products are in a class by themselves.

Their worldwide reputation for highest quality and long life results in large part from the precision engineering of the molds used in the manufacture of *Tupperware* products and the specially modified injection molding machines.

In addition, the outstanding resources of the Chemical-Plastics Group Research Center have created extraordinary polymers that are best suited for *Tupperware* products. Finally, the 100 percent quality control of each step of the manufacturing process assures production of uniquely superior products.

During 1978, $33 million was invested in the molds used to make *Tupperware* products, expansion and upkeep of existing plants, and construction of new plants. In the past

Consumer Products

A tapered *Snackeeper* canister, capable of holding four quarts of dry snacks or staples, was introduced in colors of apple green, daffodil and tangerine.

F. William Graham, *Vice President of the Company; President of the Consumer Products Group*

five years—1974 to 1978—$159 million was invested in a total of 32 countries. For 1979, nearly $50 million has been budgeted.

As part of the ongoing program to add to and upgrade mold making capacity, new computer-controlled mold manufacturing equipment was added at plants in Australia and the United States. New molding machines replaced older machines in four countries, and production capabilities were increased by adding molding machines in Tupperware's plants in Brazil and the Philippines.

New Tupperware manufacturing plants near Winnipeg, Canada, and Auckland, New Zealand, are close to completion, and will enable manufacturing in those countries to keep pace with sales growth.

New Markets

Sales were started in 1978, as planned, in Argentina and Chile, and initial reception to the Tupperware party plan has been good. Construction has begun on a new plant in the area of Buenos Aires, Argentina, with completion scheduled in July 1979. With the completion of this plant, the Tupperware division will have 20 manufacturing facilities located in 16 countries.

A planned market test in Iran was suspended because of the political situation in that country. Negotiations continue with the Portuguese government to allow the division to build a new plant there. Sales in Portugal are now limited by import restrictions.

Vanda Beauty Counselor

Vanda Beauty Counselor, a direct selling cosmetics operation, approached break-even during 1978. This was a result of corrective actions taken in 1977 in connection with eliminating unprofitable operations, and the profitable performance in 1978 in three of the countries where Vanda conducts business—Canada, the United Kingdom and South Africa. The United States showed progress toward break-even.

Consumer Products segment earnings increased in 1978 to $26 million on sales of $233 million. This was accomplished largely through improved performance of The West Bend Company, which is the largest division in the segment.

Housewares Sector

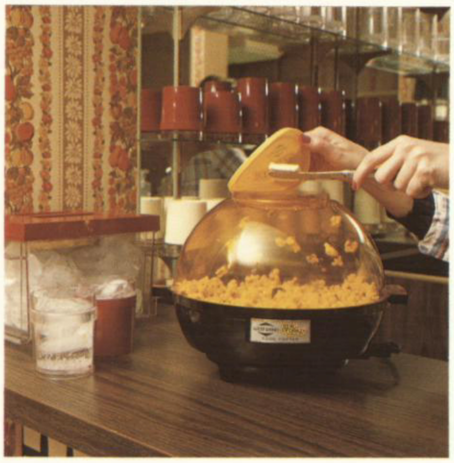
West Bend's improved performance, particularly in the fourth quarter, resulted from strong consumer demand for traditional buffet appliance lines, in which West Bend holds a leadership position. In addition, inventory controls were tightened and operating efficiencies were achieved.

In 1979, to promote greater consumer awareness of the *West Bend* brand name, joint emphasis will be placed on the brand and product names in television commercials and product advertisements. In addition, the division is exploring new channels of product distribution, such as catalog show rooms.

Although Specialty Steel cookware showed improved sales in

West Bend's *Generation* stainless steel cookware features wrap-around aluminum construction applied through an exclusive patented process. The quality cookware carries a 25-year warranty. Also pictured is a *Syroco* decorative wall clock.

A solid state system, variable fan speeds, and the look of fine cabinetry are just a few of the qualities featured in West Bend's portable humidifier. West Bend is the leading manufacturer of humidifiers.

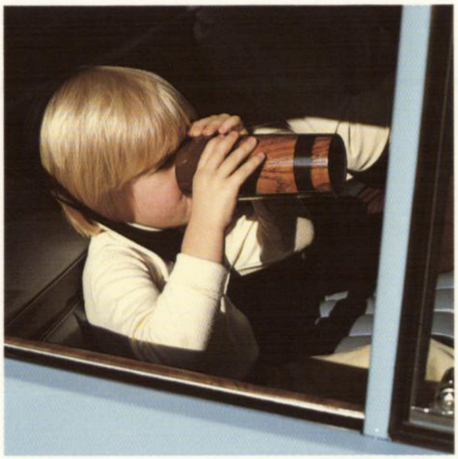


West Bend's *Stir-Crazy* automatic corn popper, complete with stirring rod and self-buttering unit, pops light, tender popcorn—the perfect snack to accompany any beverage served in Thermo-Serv's new barware, *The Cold Ones,* also shown.

A complete buffet spread is prepared and served in, from left, the *West Bend* electric Wok and *Slo-Cooker Plus* six-quart automatic cooker; a *Thermo-Serv* compartmentalized *Salad Bar* server; Coppercraft Guild's new copper and crystal *Serving Bowl* and copper creamer and sugarer; a *Thermo-Serv* condiment server and insulated mugs, a *West Bend* 55-cup automatic *Institutional-Perk,* and a *Coppercraft* vase. *Syroco* wall sconces are pictured in background.

Convenience foods can be prepared quickly and easily with the assistance of two new West Bend electrical appliances—the *Deli-Dog* hot dog and bun steamer, and the *Ovenette* baker and grill.

Raggedy Ann and Andy wall plaques, by Syroco, were popular decorative accessories in the juvenile home furnishings market during 1978. Pictured are a Tidy-Up wall plaque for hanging clothes, and a regular wall plaque.



Thermo-Serv's *Travel Tumbler* spillproof insulated beverage container has been well received by commuters and others on the move.

1978, higher operating costs and limited opportunity to raise prices resulted in slightly lower earnings for the division. The division supplies cookware to independent direct selling distributors and, for 1979, will place more emphasis on new distribution channels which offer the opportunity for higher profit margins. Sales of *Miracle Maid* products,* a premium line of cookware sold to consumers through home demonstrations, declined while manufacturing and promotional costs increased, resulting in minor operating losses for 1978.

Home Fashion Sector

Syroco, which manufactures and markets home decorative accessories, broadened its product lines and increased its distribution, which resulted in increased sales. Earnings were relatively unchanged, however, due to a major increase in new product research and development expenditures and the limited opportunity to increase prices. Syroco is aggressively pursuing expanded penetration of its markets and increasing its direct mailing efforts in 1979.

Coppercraft Guild,* which manufactures copper giftware and accessories, completed 1978 with sales slightly higher than in 1977. However, the division experienced a loss, in part because price increases were inadequate and did not keep pace with rapidly rising costs. Corrective actions have been taken to improve expense and inventory cost controls and pricing procedures. These actions, coupled with the division's plans for an expanded product line and greater geographical coverage, brighten the outlook for Coppercraft Guild for 1979.

Thermo-Serv completed 1978 with excellent increases in sales, which resulted in record earnings. Sales were paced by continuing consumer demand for the division's *Travel Tumbler* spillproof, insulated beverage container. During the year, the division introduced several new high-quality fashion products to its existing serving ware line, including insulated cocktail tumblers. In early 1979, the division also introduced a new compartmentalized *Salad Bar* server and a *Travel Mug* beverage container. Introduction of these products, which represent a new marketing thrust for the division, is expected to expand Thermo-Serv's growth potential. Nappe-Babcock, formed in 1978 by combining the former Nappe-Smith and Babcock-Phillips divisions, focused attention during the year on consolidating the two businesses, eliminating unprofitable product areas and reducing overhead expenses.

*Financial data on Miracle Maid and Coppercraft Guild, whose products are sold directly in the home, are included in Direct Selling in the operating segment tables on pages 3, 7, and 30.

Chemical-Plastics

John P. Del Favero, *Vice President of the Company; President of the Chemical-Plastics Group*

Shrink packaging for meats and cheeses, plastic lids for coffee cans, and packaging film for fruits and vegetables are made from *El Rexene* plastic resins; disposable diapers and bread wrap are manufactured from plastic film produced by Consolidated Thermoplastics; and tubes, closures and seals are produced by Thatcher Plastic Packaging. Other products shown include *Styrocup* decorated cups and *Styroware* tableware produced by Thompson Industries.

Chemical-Plastics segment earnings increased moderately to $46 million on sales of $583 million. These results include the operations of and provision for the sale or liquidation of certain businesses. The Chemical Specialties sector and Wilsonart division had excellent earnings growth. However, their gains were reduced by weak pricing in the Plastic Raw Materials sector.

The operations to be sold or liquidated generated approximately $60 million in sales in 1978 and an insignificant pre-tax operating loss. The remaining Chemical-Plastics segment operations now are focused into three product sectors—Chemical Specialties, Plastic Raw Materials, and Plastic Products, which includes *Wilsonart* decorative building products.

CHEMICAL OPERATIONS

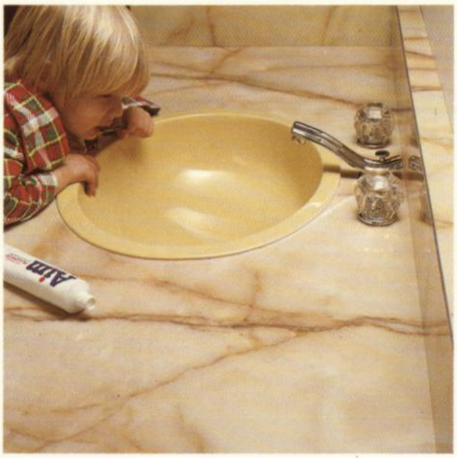
Chemical Specialties

The Chemical Specialties sector achieved record sales and earnings this past year. The consistent suc-

Synthetic Products' stearates and stabilizers have experienced excellent growth in the polyvinyl chloride (PVC) markets, including PVC pipe. Other consumer-oriented chemical specialty products shown are *Action Technology* pool hose and a *Colorite* plastic garden hose.

STYROCUP
NEW! "Decorator DESIGNS"

Picnic table settings can be attractive as well as functional with the assistance of decorator-designed *Styrocup* plastic cups and *Styroware* tableware by Thompson Industries, plastic plates by Canada Cup, and four-color, process-designed plastic dairy and delicatessen containers by Rexcel.



The beauty of real marble has been captured in Wilsonart's Braganzia marble laminate, shown in a bathroom setting. Simulated deep veining, and a polished gloss finish, create a three-dimensional appearance of luxury and elegance.

cess of this expanding product sector supports management's intention of further identifying and capitalizing on the many growth opportunities within the chemical specialties industry.

Action Technology, a manufacturer of hose and tubing for medical applications, tubing for ball point pens, sealing specialties and other consumer products, experienced excellent growth in 1978. Operations within the United States were particularly strong as the division continued to grow along with the market for various tubing products.

Colorite Plastics, the major producer of garden hose in the United States, showed excellent growth in 1978. Colorite continued to expand beyond its plastic product line, branching out during the year into rubber garden hose.

Results for Fiberfil, a manufacturer of fiberglass-reinforced thermoplastics used extensively in the automobile and appliance industries, were very good. Higher auto sales in the United States and Canada, along with increased penetration of the division's products into the electronic equipment and appliance markets, were responsible for the gains. Wilson Products experienced strong growth in Europe, as use of the division's colorants in the wire and cable industry continued to expand.

Synthetic Products, the nation's major producer of stearates, and a manufacturer of stabilizers, was ahead of the prior year in sales and earnings. The growth of these specialty chemical additives, essential in the production of plastic and rubber products, paralleled the growth trends of end-product markets in pipe, flooring and siding.

Sales by the Catalyst division, which produces products used in the manufacture of plastic resins, were ahead of the prior year. However, earnings declined due to the start-up of a new perester plant in Bayport, Texas, and the high costs associated with the commercialization of a new catalyst.

Results of the Electrochemical division, a producer of products for the electroplating and circuit board industries, were below the prior year. Capital Controls and ERC/Lancy divisions recorded gains in both sales and earnings. Capital Controls completed the expansion of new production facilities in Colmar, Pennsylvania, enabling it to more efficiently meet the growing demand for its chlorinators and water purification systems.

Plastic Raw Materials

Although sales volume for the Plastic Raw Materials sector, which includes Consolidated Thermoplastics Company,* increased during 1978, the inability to pass on increased costs because of competitive pricing pressures resulted in lower earnings from continuing operations. A delay in attaining efficient production levels at the new low-density polyethylene plant* in Bayport, Texas, also impacted earnings. The 150-million-pound plant, which was com-

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*Jointly owned with El Paso Products Company

Wilsonart decorative laminates are displayed prominently in the lobby of Hewlett-Packard's facility in Los Angeles, California. The reception counter pictured utilizes three textured laminates—metallic, leather and buckskin.

pleted in December 1977, did not achieve adequate production levels consistently until late in 1978.

Over-capacity in the polypropylene industry forced Rexene Polyolefins* to operate its plants at approximately 80 percent of capacity, which is below efficient levels.

PLASTICS OPERATIONS

Wilsonart, the second largest manufacturer of decorative laminates in the United States, completed the year with significant gains over 1977 in both sales and earnings. The division, which operated at capacity throughout the entire year to meet housing, remodeling and commercial construction demands, anticipates continued growth in 1979. This favorable outlook includes projections for a continuing increase in the remodeling market. The first phase of a new Wilsonart manufacturing plant in North Carolina will be completed during the first quarter of 1979. When completed, the new plant will add 15 percent to Wilsonart's total capacity. The plant primarily will service customers located in the eastern United States.

Divisions of the Styro Products sector also showed improvement during 1978.

A substantial improvement in both sales and earnings by Thompson Industries was attributed to higher United States sales volume and better margins in the polystyrene foam cup market. A higher sales volume also was achieved by Nissin-Dart, the Company's joint venture in Japan. Increased sales and earnings were realized by Canada Cup. Throughout the year, emphasis continued to be placed on plastic cups for serving cold drinks, commercial plastic cutlery, and a decorated product line.

Thatcher Plastic Packaging, a manufacturer of plastic tubes and closures, showed improvement over 1977.

Seamless Hospital Products completed the reorganization of its marketing function during the year, thus providing a more comprehensive market coverage.

Glass Containers

William H. Greenberg, *Vice President of the Company; President of the Glass Containers Group*

Thatcher Glass Manufacturing Company, a major producer of glass containers in the United States, achieved record sales and earnings in 1978. Operating earnings bettered the previous record set in 1975 by over 20 percent, reaching $37 million on sales of $299 million. The division manufactures glass containers at six facilities and operates two mold making plants in the United States.

Industry-wide demand for glass containers advanced approximately 3.5 percent for the year, compared with the previous 2.5 percent average obtained during the last five years. Demand was especially strong throughout 1978 in the beer container market. Thatcher is particularly well positioned in this market, and was prepared to accommodate the growing preference of consumers and brewers for glass containers over cans.

Over one million tons of glass containers were produced by Thatcher during the year, six percent ahead of 1977. This record production was made possible by

Glass bottles, such as manufactured by Thatcher Glass, help to assure product freshness whether the product is beer, food or other beverages. Glass also allows for easy product identity.

the division's program of increasing furnace size and installing newer, high-speed forming machines in a number of plants, which was begun in 1976. In 1979, Thatcher will install a glass-making furnace of a new design in its Saugus, California, plant—the first such furnace built in the United States. The new furnace will materially reduce fuel consumption, as well as markedly extend the life of the furnace.

Also contributing to the division's strong 1978 performance were a successful marketing and sales program, the implementation of a necessary price increase during the year, improved production efficiencies, and the precautionary measures taken before the onset of severe winter weather in early 1978.

Environmental legislation designed to reduce litter continued as a major issue for the entire container industry in 1978. Thatcher and other container companies will continue to propose alternatives to such legislation when it appears to be discriminatory against the packaging industry.

Resort Development

Sidney M. Karsh, *President of Dart Resorts*

Dart Resorts had an outstanding year during 1978 with more than 900 homesites sold at each of its resort communities, generating record sales of over $28 million and a return to profitability with operating earnings of $2.3 million.

The sales momentum generated in 1977 at Bear Valley Springs, the Company's 25,000-acre resort in Southern California, continued through 1978, resulting in essentially a sellout of Bear Valley's total of 4,000 homesites. Building activity by individuals also continued to be very strong during the year with more than 500 homes built or under construction. The Company will phase out of the Bear Valley operation over the next few years.

Sales activity at Tahoe Donner in Northern California near Lake Tahoe surpassed the most optimistic expectations. Tahoe Donner, which has a total of 6,000 homesites, is now almost 50 percent sold out. Building activity by homesite owners was very strong with more than 200 homes built or under construction during the year. Over 500 private homes have been completed since the project's inception.

Corporate Social Responsibility

Dart Industries continues to emphasize programs of affirmative action and equal opportunity employment by hiring and promoting its people without consideration of race, sex, color, age, handicap, religion or national origin.

In the environmental area, the Company carries out its responsibility toward preserving a quality environment. This includes recognition of the need to balance desirable environmental goals with economic consequences as they relate to Stockholders, customers, employees and all American citizens.

Dart Industries further endeavors to improve the quality of life through contributions to a variety of charitable and educational organizations and by encouraging employees to participate in such programs of their own selection.

P.R. Mallory

Gifts go 'round longer
with longer lasting
DURACELL Batteries
DURACELL
SAVER PACK

P.R. Mallory

Clark Daugherty, *Executive Vice President of the Company; Chairman and Chief Executive Officer, P. R. Mallory*

The display of *Duracell* batteries, pictured on the preceding page, was featured in retail stores throughout the United States during the 1978 Holiday season.

P. R. Mallory & Co. Inc., acquired by Dart Industries as reported on page 5, will be operated as a wholly owned subsidiary under its present management. Mallory manufactures *Duracell* high-performance primary (non-rechargeable) batteries and battery systems, timing devices and motors, and electrical and electronic components. Mallory's 1978 net sales were $399 million. The company's 1978 pre-tax consolidated earnings from continuing operations were $23.8 million before one-time charges of $9.7 million relating to Dart's acquisition of the controlling interest in Mallory. Only operations for the month of December have been included in Dart Industries' results for the year 1978.

Mallory is headquartered in Indianapolis, Indiana, and has approximately 11,000 employees throughout the world.

Worldwide Battery Group

Mallory is a world leader in the development, manufacture and distribution of high-performance batteries for use as the power source of consumer products, industrial and government-related equipment.

With its *Duracell* products, Mallory is the only company to market its batteries worldwide under a single brand name. The company is a major factor in the high-performance segment of the primary battery business.

Mallory's 1978 worldwide sales of its high-performance *Duracell* alkaline, mercury and silver oxide batteries, and related products, totaled $251 million, most of which was from sales of *Duracell* brand products. Over the past five years, the company's sales of these products have increased at an annual compound rate of approximately 27 percent.

Mallory Battery Organization

Mallory operates its battery business through a Worldwide Battery Group that enables the company to coordinate domestic and international activities under a single management. The Group is headquartered in Bethel, Connecticut.

Worldwide Battery Markets

The total worldwide market for primary dry cell batteries is more than $2 billion. Within this market, the growth rate for high-performance batteries has far outpaced that of zinc carbon batteries in recent years. In 1978, the market for high-performance batteries in those areas of the world where Mallory currently markets its products totaled $550 million, with an annual compound growth rate in the order of 20 percent projected over the next several years. In these markets, high-performance batteries are gaining an ever-increasing share of the total primary battery business with a market penetration of 35 percent in 1978, compared with only 22 percent three years earlier.

The strong demand for high-performance batteries can be attributed to several key factors. One is the sizable increase in recent years in the number and variety of battery-powered consumer products. Many of these products, including calculators, home smoke alarms, photographic equipment, watches and electronic games, are designed to use high-performance batteries exclusively. There is also a growing trend by consumers to trade-up to the use of high-performance batteries from zinc carbon batteries, most notably in flashlights, transistor radios and toys. These applications, which until recent years have been powered mainly by zinc carbon batteries, comprise a large portion of the battery replacement market.

With 80 percent of the total battery business attributable to replacement purchases, substantial future growth is forecast for the high-performance battery business. This is based on the consumer replacement demands for millions of battery-powered products now in use, future increased production of these products as predicted by their manufacturers, and new products yet to be commercialized.

United States Battery Operations

In recent years, Mallory has made a major thrust into the United States consumer market with its *Duracell* batteries. The company has a strong position with its *Duracell* batteries in chain drug and food stores, mass merchandisers, catalog showrooms, hardware, photography and jewelry stores, hearing aid dealers, and other retail outlets.

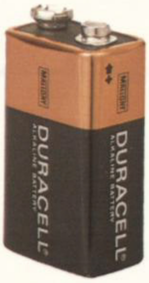
Mallory's consumer sales in the United States continued at record levels in 1978. This aggressive sales effort, supported by intensive advertising and merchandising efforts, has greatly increased consumer awareness of the *Duracell* brand name. An independent survey in 1978 showed a 75 percent customer awareness of the *Duracell* name, as compared with 13 percent only four years ago.

Original Equipment Market

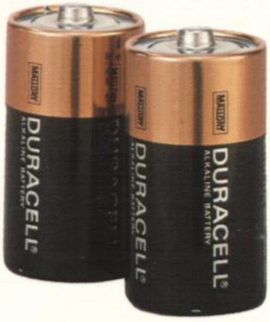
For many years Mallory has been the leading supplier of batteries to manufacturers of battery-powered equipment. These include consumer products, industrial instrumentation, medical electronics and defense equipment. The company often works with a manufacturer well ahead of market introduction to develop the most desirable power source for a specific applica-

MALLORY
DURACELL
ALKALINE BATTERY

The young woman preparing to take her dog for a stroll uses *Duracell* batteries in her flashlight, a consumer product once powered mainly by zinc carbon batteries.



Hand-held calculators powered by *Duracell* batteries have wide use in business, the home and by students, and in such diverse applications as computing bowling scores.



The use of *Duracell* batteries in this toy fire truck points up the trend by manufacturers to specify alkaline batteries as a means of providing consistent and long-lasting portable power in a variety of toys.

tion. Sales to the manufacturers of battery-powered equipment are an important part of Mallory's total battery business and help to stimulate consumer sales potential in the replacement market.

As in the consumer marketplace, there is a definite trend by the manufacturers of battery-powered products to specify the use of high-performance batteries.

International Battery Operations

Mallory's battery sales were at a record level in Europe during 1978, with the company having well established sales regions in major population areas. Original marketing strategies and programs, as well as those created in the United States, have been successfully adapted to local conditions. Most of the European subsidiary companies are headed and staffed by nationals of the countries in which they are located.

There is significant potential for the company's *Duracell* batteries in Europe, which until recent years had been predominantly a zinc carbon battery market. In 1978, the European market for high-performance batteries was an estimated $137 million, accounting for only 22 percent of the estimated total primary battery market of $610 million. The European market penetration is expected to follow a pattern similar to that which has been experienced in the United States, based on demographics, buying power and the introduction of new battery-powered equipment. Mallory's battery operations in Canada, the company's largest outside the United States and Europe, set new sales records in 1978. The company's *Duracell* battery business has a strong competitive position in Canada, with extensive distribution in principal trade categories.

The company has an active marketing program in Australia, with particularly strong *Duracell* battery sales in mass merchandisers, photographic and chain drug outlets. The high-performance battery market in Australia, when compared with zinc carbon, is developing similarly to that of North America.

Mallory has an important presence in Latin America with a manufacturing facility in Mexico that services both the Mexican and Brazilian marketing organizations and other export sales in Latin America. It has the only alkaline battery manufacturing facility in Mexico.

The company has established a sales company in the Far East with headquarters in Tokyo. While Mallory's participation is minimal at the present time, the market for high-performance batteries in this area of the world is approximately $100 million annually and is growing rapidly as a result of local manufacture of a wide variety of new battery-powered products.

Battery Research and Engineering

In 1978, Mallory again increased its investment in battery research and engineering, continuing the on-going effort that has given it technical leadership in the industry. Mallory originally commercialized both the mercury and alkaline battery systems, and has introduced such industry innovations as the triple-A size alkaline battery, the world's smallest hearing aid battery, and the 9-volt alkaline battery.

The company has continued its product innovations and one area of promising future potential relates to Mallory's progress in the development and manufacture of lithium batteries. This new generation of batteries, which has the potential to generate new market opportunities beyond the alkaline battery, provides high-density energy, long shelf life and outstanding ability to withstand temperature extremes.

Battery Manufacturing

Mallory has invested approximately $47 million in battery manufacturing plants and equipment in the last three years, including 1978 expenditures of $16 million. The majority of these expenditures have been for automated equipment that will provide capacity commensurate with the company's future growth expectations.

In 1978, the rapid build-up of new manufacturing technology and capacity to meet sales demand resulted in heavier than normal costs related to equipment start-up expenses, employee training and overtime premiums. These costs substantially increased manufacturing expenses, particularly at the company's new battery plant in Lancaster, South Carolina. By the fourth quarter, efficiency and manufacturing costs were improving.

Mallory Components Group

In its components operations, Mallory is a leading producer of timing devices for major home appliances and of capacitors and controls—components used in the electronic circuitry of computers, industrial equipment, entertainment products and defense applications. Sales from these operations totaled $148 million in 1978.

Timing Devices and Solid-State Controls

Mallory has a leadership position as a producer of electromechanical timing devices for use in major home appliances and in industrial equipment. The timers are used in such appliances as clothes washers and dryers, dishwashers and refrigerators to control a variety of functions, including on-off mechanisms, water flow, temperature levels and timing cycles.

In the past several years, Mallory has made good progress in the development and manufacture of solid-state timing control systems and sensing probes for diverse applications in appliances and microwave ovens.

Mallory Capacitors and Controls

Mallory's aluminum and tantalum electrolytic capacitors, motor run capacitors and controls are used in a variety of industrial, consumer and military applications. Capacitors are used to store and control current in electronic equipment and electrical appliances.

Mallory has reduced the cyclicality of its capacitor and controls businesses in recent years. This improvement has been accomplished by placing greater emphasis on serving high-growth markets, principally in the industrial electronic fields. These markets include data processing and communications equipment, industrial controls and instrumentation.

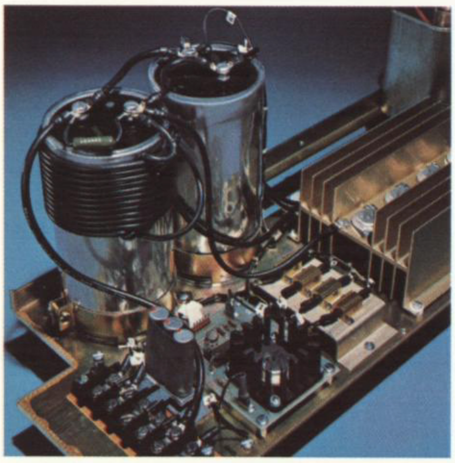
In addition to sales to original equipment manufacturers, the capacitor and control divisions sell Mallory components, including the family of *Sonalert* audible signal devices, and supplementary products from other manufacturers, through a nationwide network of independent electronic distributors. These distributors service manufacturers on a repetitive basis, sell to appliance and electronic service outlets and directly to consumers.

MALLORY
DURACELL
ALKALINE BATTERY
SIZE AA
MN 1500

Duracell batteries, as used by this young radio listener, helped make possible the millions of transistor radios now in use.

DRYER
WASHER

Mallory timing devices are used to control many functions of home clothes washers and dryers, and other types of major home appliances and industrial equipment.



The high demand for data processing equipment provides a ready market for Mallory aluminum-cased capacitors, as shown in this computer power supply unit.

Dart Industries Inc.
Companies and Products

Direct Selling Segment
Headquarters: ORLANDO, FLORIDA

Tupperware FOOD PREPARATION, STORAGE AND SERVING CONTAINERS; TOYS; PLANTING SYSTEMS

Vanda Beauty Counselor COSMETICS AND TOILETRIES

Coppercraft Guild[1] COPPER GIFTWARE, JEWELRY AND DECORATIVE ITEMS

Miracle Maid[1] COOKWARE

Consumer Products Segment
Headquarters: LOS ANGELES, CALIFORNIA

West Bend COOKWARE, ELECTRIC HOUSEWARES AND HUMIDIFIERS

Syroco HOME DECORATIVE ACCESSORIES, CASUAL FURNITURE

Thermo-Serv INSULATED AND NON-INSULATED SERVING WARE

Nappe-Babcock INSULATED BAGS, HASSOCKS, CUSHIONS AND PILLOWS

Seamco SPORTING GOODS AND RECREATIONAL PRODUCTS

Chemical-Plastics Segment
Headquarters: LOS ANGELES, CALIFORNIA

CHEMICAL SPECIALTIES SECTOR

Action Technology EXTRUDED TUBING, CORRUGATED HOSE, TUBING FOR BALL POINT PENS, SEALING SPECIALTIES

Colorite GARDEN HOSE, PLASTIC COMPOUNDING

Fiberfil FIBERGLASS-REINFORCED AND FILLED THERMOPLASTICS

Wilson Products COLOR CONCENTRATES AND DISPERSIONS FOR PLASTIC PRODUCTS

Catalyst Division-Aztec/Purechem ORGANIC PEROXIDES AND PERESTERS, TITANIUM TRICHLORIDE

Synthetic Products METALLIC STEARATES, VINYL STABILIZERS

Electrochemicals ELECTROPLATING CHEMICALS

Capital Controls CHLORINATORS AND CONTROL SYSTEMS FOR WATER PURIFICATION AND WASTE TREATMENT

ERC/Lancy AIR AND WATER POLLUTION ENGINEERING AND CONTROL SYSTEMS

Fiberglass Equipment Division FIBERGLASS-REINFORCED PLASTIC TANKS, PIPE AND AIR SCRUBBERS; CHEMICAL PROCESSING EQUIPMENT

Fluid-Ionic Systems WET ELECTROSTATIC PRECIPITATORS

PLASTIC RAW MATERIALS SECTOR

Rexene Polyolefins[2] LOW DENSITY POLYETHYLENE, POLYPROPYLENE AND OLEFINS

Consolidated Thermoplastics[2] PLASTIC PACKAGING FILM

PLASTIC PRODUCTS SECTOR

Wilsonart DECORATIVE LAMINATES

Thompson Industries, Rexcel, Canada Cup, Insulpak, Ltd., Camira N.V. PLASTIC CUPS, FOOD CONTAINERS AND PLASTIC DINNERWARE

Thatcher Plastic Packaging PLASTIC TUBES, CLOSURES, SEALS

Seamless Hospital Products MEDICAL AND SURGICAL PRODUCTS

Imco Companies (Belgium, Holland, England, Spain, Australia) PLASTIC BOTTLES

Glass Containers Segment
Headquarters: GREENWICH, CONNECTICUT

Thatcher GLASS CONTAINERS FOR FOODS AND BEVERAGES

P.R. Mallory Segment
Headquarters: INDIANAPOLIS, INDIANA

Mallory Battery *Duracell* ALKALINE, MERCURY AND SILVER OXIDE BATTERIES; ZINC CARBON BATTERIES; LITHIUM BATTERIES; SPECIAL BATTERY SYSTEMS FOR USE AS POWER SOURCES OF CONSUMER PRODUCTS, INDUSTRIAL AND GOVERNMENT-RELATED PRODUCTS

Mallory Timers ELECTROMECHANICAL AND SOLID-STATE TIMING DEVICES AND SYNCHRONOUS MOTORS FOR MAJOR HOME APPLIANCES AND INDUSTRIAL EQUIPMENT

Mallory Capacitor ALUMINUM AND TANTALUM ELECTROLYTIC CAPACITORS; ELECTROSTATIC CAPACITORS; AND *Sonalert* AUDIBLE SIGNAL DEVICES USED IN INDUSTRIAL EQUIPMENT, APPLIANCES, ENTERTAINMENT PRODUCTS AND GOVERNMENT-RELATED PRODUCTS

Mallory Controls CARBON AND WIRE WOUND CONTROLS AND RESISTORS FOR ENTERTAINMENT PRODUCTS AND APPLIANCES

Resort Development Segment
Headquarters: LOS ANGELES, CALIFORNIA

Dart Resorts RESORT HOMESITES

[1] Financial data for Miracle Maid and Coppercraft Guild are included in Direct Selling in the operating segment tables on pages 3, 7 and 30; operations of these two divisions are discussed under Consumer Products.

[2] Jointly owned with El Paso Products Company

Financial Statements

Financial Table of Contents

Summary of Accounting Policies 24

Statement of Earnings and Retained Earnings 25

Balance Sheet 26

Statement of Capital Stock 28

Statement of Capital in Excess of Par Value 28

Statement of Changes in Financial Position 29

Notes to Financial Statements 30

Summary of Accounting Policies

Basis of consolidation The consolidated financial statements include the accounts of Dart and its subsidiaries except for its investments in certain foreign companies in which Dart has an ownership interest of 20% or more. Such investments are accounted for on an equity basis and their operations are not significant. Intercompany accounts and transactions are eliminated in consolidation.

Dart is a party to a joint operating agreement whereby it has an undivided 50% interest in plant and other assets relating to the production and marketing of certain petrochemicals, and is also a 50% owner of a plastics processing corporation with the same other party. The accompanying statements include 50% of the assets, liabilities, income and costs and expenses of these jointly owned activities.

Translation of foreign currencies Foreign subsidiary balance sheet accounts for inventories, prepaid expenses, deferred income taxes, properties, investments and other assets are translated into United States dollar equivalents at historical exchange rates; cash, receivables and all liability accounts are translated at yearend exchange rates. Income and expense accounts are translated at the average rate of exchange in effect during the year except for cost of goods sold, depreciation and amortization which are translated at historical rates. Exchange gains and losses are included in the determination of current year earnings.

Inventories Inventories are valued at the lower of cost or market. In general, cost as applied to inventory valuation represents purchase or manufacturing cost applied on the first-in, first-out method. Obsolete and damaged merchandise is excluded.

Properties and depreciation Expenditures for additions, improvements, replacements, betterments and major renewals are added to the properties accounts. Properties retired, or otherwise disposed of, are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts. Gains and losses from disposals are included in earnings. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

Depreciation of properties is provided chiefly on a straight line basis over the estimated average useful lives of the various assets. Lives used for calculating depreciation rates for the principal asset classifications are as follows: buildings and improvements—10 to 50 years; machinery and equipment—3 to 20 years.

Intangibles Intangibles having limited lives are amortized over their estimated useful lives. Certain intangibles acquired prior to October 31, 1970 are considered to have an unlimited life and are not being amortized.

Income taxes Provision is made for deferred income taxes and future income tax benefits applicable to timing differences between book and tax income. Declining balance and guideline depreciation and the instalment method of income recognition generally are used in the determination of income for tax purposes where applicable.

Investment tax credits are applied to reduce income tax expense in the year the credit arises.

Provision is made for United States income taxes on earnings of foreign subsidiaries except for those earnings which are expected to be invested indefinitely.

Resort development Resort lot sales are accounted for on the instalment method until actual collection experience for a project indicates that collectibility of receivable balances is reasonably predictable, after which the accrual method is used. Under the instalment method, the gross profit less direct selling expenses related to the portion of the sales price which is not received in cash is deferred at the time of sale and recognized as cash is collected. In the opinion of management, at December 31, 1978 neither of Dart's two major projects qualifies for the accrual method.

Interest and property taxes relating to land held for sale or improvement are charged to earnings as incurred. Land and improvements are valued at the lower of cost or estimated net realizable value.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Earnings and Retained Earnings

For the years ended December 31, 1978 and 1977

	1978	1977
Income:		
Net sales	$1,820,097,000	$1,600,988,000
Other income	30,150,000	21,804,000
	1,850,247,000	1,622,792,000
Costs and Expenses:		
Cost of goods sold and operating expenses	1,080,827,000	951,062,000
Selling, distribution and administrative expenses	423,847,000	391,099,000
Depreciation and amortization	66,015,000	59,423,000
Interest expense	23,148,000	20,512,000
	1,593,837,000	1,422,096,000
Earnings Before Income Taxes	256,410,000	200,696,000
Provision for income taxes	129,800,000	91,500,000
Net Earnings	126,610,000	109,196,000
Retained earnings at beginning of year	503,910,000	444,617,000
	630,520,000	553,813,000
Dividends:		
Cash—		
Preferred—$2 per share	5,873,000	5,902,000
Common—$1.60 and $1.00 per share	37,070,000	22,787,000
Common Stock, 3%, 673,500 shares at $31.50 per share paid in May 1977		21,214,000
	42,943,000	49,903,000
Retained Earnings at End of Year	$ 587,577,000	$ 503,910,000
Net Earnings Per Share of Common Stock:		
Primary	$5.20	$4.46
Fully diluted	$4.84	$4.18

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Balance Sheet

December 31, 1978 and 1977

Assets	1978	1977
Current assets:		
Cash, including time deposits of $26,895,000 in 1978 and $27,696,000 in 1977	$ 69,402,000	$ 63,033,000
Marketable securities, at cost which approximates market	92,950,000	183,069,000
Total cash and marketable securities	162,352,000	246,102,000
Accounts and notes receivable, less allowance for doubtful accounts of $13,291,000 in 1978 and $11,969,000 in 1977	292,964,000	191,191,000
Inventories	408,492,000	310,262,000
Prepaid expenses	18,920,000	14,782,000
Deferred future income tax benefits	33,800,000	32,700,000
Total current assets	916,528,000	795,037,000
Resort development assets	51,712,000	53,657,000
Properties:		
Properties owned	977,498,000	832,003,000
Properties leased under capital leases	20,636,000	23,678,000
	998,134,000	855,681,000
Less accumulated depreciation	383,342,000	350,996,000
Total properties	614,792,000	504,685,000
Investments and other assets:		
3M Company common stock held in escrow for exchange by holders of 4¼% and 4¾% debentures, at cost (market value: 1978—$53,467,000; 1977—$41,080,000)	35,162,000	35,162,000
Other assets, receivables and investments	59,322,000	40,270,000
Goodwill and other intangibles, less amortization	114,568,000	11,425,000
Total investments and other assets	209,052,000	86,857,000
Total Assets	$1,792,084,000	$1,440,236,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Liabilities and Stockholders' Equity	1978	1977
Current liabilities:		
Amounts paid after yearend to complete purchase of P.R. Mallory & Co. Inc.	$ 65,680,000	
Accounts payable	107,202,000	$ 73,378,000
Accrued compensation	60,914,000	42,151,000
Other accrued expenses	147,858,000	97,455,000
Short term loans, primarily foreign	19,764,000	13,471,000
Current instalments of obligations under capital leases	1,023,000	981,000
Current instalments of long term debt	9,832,000	8,450,000
Income taxes	72,200,000	38,600,000
Total current liabilities	484,473,000	274,486,000
Resort development liabilities	8,663,000	9,324,000
Obligations under capital leases, less current instalments	11,915,000	12,897,000
Long term debt, less current instalments	287,572,000	238,716,000
Deferred income taxes	68,000,000	58,800,000
Stockholders' equity:		
Preferred Stock, $5.00 par value Authorized, 3,000,000 shares Series A $2 Cumulative Convertible (aggregate liquidating preference in 1978—$147,900,000) Issued, 2,958,000 shares in 1978 and 2,981,000 shares in 1977	14,790,000	14,905,000
Common Stock, $1.25 par value Authorized, 35,000,000 shares Issued, 23,208,900 shares in 1978 and 23,133,300 shares in 1977	29,011,000	28,917,000
Capital in excess of par value	301,630,000	299,828,000
Retained earnings	587,577,000	503,910,000
	933,008,000	847,560,000
Less cost of reacquired shares of capital stock—Preferred—32,500; Common—700	1,547,000	1,547,000
Total stockholders' equity	931,461,000	846,013,000
Total Liabilities and Stockholders' Equity	$1,792,084,000	$1,440,236,000

Statement of Capital Stock

For the years ended December 31, 1978 and 1977

	1978		1977	
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT
Preferred Stock				
At Beginning of Year	2,981,000	$14,905,000	2,986,000	$14,930,000
Upon conversion into Common Stock	(23,000)	(115,000)	(5,000)	(25,000)
At End of Year, Including Reacquired Shares	2,958,000	$14,790,000	2,981,000	$14,905,000
Common Stock				
At Beginning of Year	23,133,300	$28,917,000	22,438,800	$28,048,000
For stock dividend			673,500	842,000
Upon exercise of options	52,600	66,000	16,000	20,000
Upon conversion of Preferred Stock	23,000	28,000	5,000	7,000
At End of Year, Including Reacquired Shares	23,208,900	$29,011,000	23,133,300	$28,917,000

Statement of Capital in Excess of Par Value

For the years ended December 31, 1978 and 1977

	1978	1977
At Beginning of Year	$299,828,000	$279,029,000
Excess of fair value over par value of Common Stock issued as stock dividend		20,373,000
Excess of option prices over par value of Common Stock issued upon exercise of options	1,715,000	408,000
Upon conversion of Preferred Stock	87,000	18,000
At End of Year	$301,630,000	$299,828,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Dart Industries Inc. and Consolidated Subsidiaries

Statement of Changes in Financial Position

For the years ended December 31, 1978 and 1977

	1978	1977
Working Capital Provided by:		
Net earnings	$126,610,000	$109,196,000
Items not affecting working capital—		
Depreciation and amortization	66,015,000	59,423,000
Deferred income taxes	9,200,000	4,300,000
Provided by operations	201,825,000	172,919,000
Increase in long term debt and capital lease obligations	5,728,000	7,848,000
Reduction of investment in resort development	1,284,000	3,902,000
Dispositions of properties, investments and other assets	21,440,000	7,261,000
Other	1,781,000	3,676,000
Total Working Capital Provided	232,058,000	195,606,000
Working Capital Used for:		
Acquisition of P.R. Mallory & Co. Inc., less working capital acquired of $99,805,000—		
Properties	97,840,000	
Intangibles and other assets	110,096,000	
Long term obligations	(56,163,000)	
Properties acquired	98,871,000	94,571,000
Cash dividends paid—		
Preferred Stock	5,873,000	5,902,000
Common Stock	37,070,000	22,787,000
Decrease in long term debt and capital lease obligations	14,017,000	10,945,000
Other	12,950,000	6,450,000
Total Working Capital Used	320,554,000	140,655,000
Working Capital Increase (Decrease)	$ (88,496,000)	$ 54,951,000
Changes in Components of Working Capital:		
Cash and marketable securities	$ (83,750,000)	$ 56,725,000
Accounts and notes receivable	101,773,000	9,290,000
Inventories	98,230,000	14,022,000
Other current assets	5,238,000	6,117,000
Amounts paid after yearend to complete purchase of P.R. Mallory & Co. Inc.	(65,680,000)	
Accounts payable	(33,824,000)	(4,641,000)
Accrued expenses	(69,166,000)	(21,877,000)
Short term loans, primarily foreign	(6,293,000)	2,879,000
Income taxes	(33,600,000)	(5,800,000)
Other current liabilities	(1,424,000)	(1,764,000)
Working Capital Increase (Decrease)	$ (88,496,000)	$ 54,951,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND SUMMARY OF ACCOUNTING POLICIES.

Notes to Financial Statements

Segment operating data

	NET SALES		OPERATING PROFIT	
	1978	1977	1978	1977
Direct Selling	$ 664,433,000	$ 575,513,000	$185,803,000	$146,349,000
Consumer Products	233,034,000	221,490,000	25,973,000	23,857,000
Chemical-Plastics	583,360,000	552,527,000	46,014,000	42,393,000
Glass Containers	299,120,000	260,067,000	37,028,000	21,714,000
P.R. Mallory*	34,645,000		1,378,000	
Resort Development	28,582,000	16,204,000	2,288,000	(1,869,000)
Adjustments and eliminations	(23,077,000)	(24,813,000)		
Corporate items			(42,074,000)	(31,748,000)
Consolidated	$1,820,097,000	$1,600,988,000	$256,410,000	$200,696,000

*P.R. Mallory was acquired late in 1978 and its operations are included for the month of December only.

Geographic operating data

United States
Western Hemisphere (outside the United States)
Europe and Africa
Pacific Area
Adjustments and eliminations
Corporate items
Consolidated

The various segments of Dart comprise principally the following products and services: **Direct Selling**—Tupperware brand plastic food preparation, storage and serving containers; Vanda Beauty Counselor cosmetics and toiletries; Miracle Maid cookware and Coppercraft Guild giftware; **Consumer Products**—West Bend electric housewares and cookware, Syroco home decorative accessories and giftware; **Chemical-Plastics**—chemical specialties, plastic raw materials, and plastic products; **Glass Containers**—glass bottles for sale to brewers, distillers, soft-drink manufacturers and food processors; **P.R. Mallory**—Duracell brand alkaline, mercury and silver oxide batteries; capacitors, timers and other controls; **Resort Development**—marketing of resort community homesites.

Net sales by segment and by geographic area include both sales to outsiders, as reported in Dart's statement of earnings, and sales from one segment to another or from one geographic area to

IDENTIFIABLE ASSETS		CAPITAL EXPENDITURES		DEPRECIATION AND AMORTIZATION	
1978	1977	1978	1977	1978	1977
$ 436,478,000	$ 389,514,000	**$36,021,000**	$31,944,000	**$21,270,000**	$17,307,000
131,314,000	123,763,000	**3,956,000**	4,468,000	**4,903,000**	4,832,000
370,126,000	368,183,000	**31,703,000**	34,684,000	**18,944,000**	18,368,000
188,866,000	178,711,000	**25,006,000**	18,192,000	**18,753,000**	17,791,000
385,453,000		**802,000**		**894,000**	
51,777,000	53,556,000	**14,000**	20,000	**83,000**	185,000
(1,905,000)	(4,556,000)				
229,975,000	331,065,000	**1,383,000**	5,283,000	**1,168,000**	940,000
$1,792,084,000	$1,440,236,000	**$98,885,000**	$94,591,000	**$66,015,000**	$59,423,000

NET SALES		OPERATING PROFIT		IDENTIFIABLE ASSETS	
1978	1977	1978	1977	1978	1977
$1,370,329,000	$1,211,179,000	**$178,982,000**	$142,394,000	**$1,172,088,000**	$ 835,406,000
108,408,000	96,434,000	**23,073,000**	21,857,000	**108,896,000**	71,085,000
253,762,000	225,650,000	**58,620,000**	43,299,000	**204,409,000**	136,764,000
101,575,000	82,342,000	**37,809,000**	24,894,000	**77,340,000**	67,309,000
(13,977,000)	(14,617,000)			**(624,000)**	(1,393,000)
		(42,074,000)	(31,748,000)	**229,975,000**	331,065,000
$1,820,097,000	$1,600,988,000	**$256,410,000**	$200,696,000	**$1,792,084,000**	$1,440,236,000

another. Sales between segments and between geographic areas generally are recorded on the same basis as sales to outsiders. Sales between segments aggregated $23,077,000 in 1978 and $24,813,000 in 1977 with the major portion thereof representing sales from the Consumer Products and Chemical-Plastics segments to the Direct Selling segment. Intercompany sales between geographic areas aggregated $13,977,000 in 1978 and $14,617,000 in 1977 with the major portion thereof representing sales from the United States to other areas. Export sales from the United States to outside customers are not significant.

Operating profit by segment and by geographic area represents revenues less operating expenses under the control of operating management. Corporate items include the cost of corporate staff functions, interest expense, foreign exchange gains and losses, and other expenses of the Company as a whole reduced by certain other income, mainly investment earnings.

Details of Balance Sheet	1978	1977
ACCOUNTS AND NOTES RECEIVABLE:		
Trade	$282,283,000	$189,656,000
Other	23,972,000	13,504,000
	306,255,000	203,160,000
Less allowance for doubtful accounts	13,291,000	11,969,000
	$292,964,000	$191,191,000
INVENTORIES:		
Raw materials and supplies	$120,937,000	$ 97,908,000
Work in process	62,309,000	42,068,000
Finished goods	225,246,000	170,286,000
	$408,492,000	$310,262,000
PROPERTIES, AT COST (excluding resort development assets):		
Land	$ 21,099,000	$ 16,802,000
Buildings and improvements	249,568,000	229,373,000
Machinery and equipment	686,921,000	592,650,000
Construction in progress	40,546,000	16,856,000
	998,134,000	855,681,000
Less accumulated depreciation	383,342,000	350,996,000
	$614,792,000	$504,685,000
LONG TERM DEBT, LESS CURRENT INSTALMENTS:		
Obligations of Dart—		
7½% Sinking Fund Debentures, due April 1, 1996, $60,000,000, less unamortized discount	$ 59,829,000	$ 59,812,000
4¼% Subordinated Debentures, due July 15, 1997 (exchangeable for 10.75 shares of 3M Company common stock per $1,000 debenture)	60,000,000	60,000,000
4¾% Subordinated Debentures, due August 15, 1987 (exchangeable for 10.1 shares of 3M Company common stock per $1,000 debenture)	20,000,000	20,000,000
Unsecured notes—		
4.042% to 5.75%, due in annual instalments to 1987	28,694,000	33,433,000
9⅞%, due in annual instalments to 1995	44,400,000	47,200,000
Other	20,849,000	18,271,000
Obligations of a subsidiary (P.R. Mallory & Co. Inc.)—		
8⅞% Sinking Fund Debentures, due 1996	30,000,000	
9⅛% Sinking Fund Debentures, due 2003	20,000,000	
Other	3,800,000	
	$287,572,000	$238,716,000

Business combinations and dispositions

Dart acquired 75% of the outstanding common stock of P.R. Mallory & Co. Inc. during 1978 and by January 10, 1979 Dart had acquired about 97% of Mallory's common stock. On January 31, 1979 Mallory became a wholly owned subsidiary of Dart upon a merger of a wholly owned indirect subsidiary of Dart into Mallory. Mallory is engaged in the manufacture of primary batteries and other electrical products. The acquisition of Mallory has been accounted for as a purchase transaction, and the consolidated statement of earnings and retained earnings includes the results of operations of

Mallory from November 30, 1978, the effective date of acquisition.

The total cost of the completed purchase was $251,578,000. The amount paid after yearend to complete the purchase was $65,680,000 and is reflected as a current liability in the balance sheet at December 31, 1978. The excess of cost over fair value of net assets acquired is estimated at $101,713,000 and is being amortized over a period of 40 years.

Pro forma results of operations of Dart and Mallory for 1978 and 1977, assuming a January 1, 1977 acquisition date, are as follows:

	1978	1977
Net sales	**$2,184,455,000**	$1,942,760,000
Net earnings	**128,600,000**	110,900,000
Net earnings per share of Common Stock—		
Primary	**5.29**	4.53
Fully diluted	**4.92**	4.24

During 1978 Dart disposed of certain direct selling cosmetics operations, a consumer products operation, and certain chemical operations. Provision for the cost of these and other similar actions which are still in process was made in 1977 and aggregated $11,733,000, after related tax benefits, or approximately 51 cents per share.

In December 1978, the decision was made to sell or close down certain operations within the Chemical-Plastics business. Provision for the cost of these actions, which include writedowns of property, goodwill, and other assets as well as accruals for termination benefits and other costs, totals $10,378,000, after related tax benefits, which approximates 45 cents per share. Divisions involved in these actions accounted for net sales of $60,000,000 in 1978 and $56,000,000 in 1977; pre-tax operating losses were not material in either year. Decisions were made in 1978 and 1977 to sell or otherwise dispose of certain other businesses; their operations were not significant.

International operations

A summary of accounts relating to foreign subsidiaries at December 31 (excluding intercompany accounts) follows:

	1978	1977
ASSETS:		
Current assets	**$262,054,000**	$199,885,000
Properties	**138,724,000**	114,520,000
Investments and other assets	**36,044,000**	11,501,000
Total assets	**436,822,000**	325,906,000
LIABILITIES:		
Current liabilities	**136,251,000**	91,540,000
Long term debt and deferred income taxes	**35,787,000**	29,050,000
Total liabilities	**172,038,000**	120,590,000
Net assets of foreign subsidiaries in consolidation	**$264,784,000**	$205,316,000

Net sales from operations outside the United States were $459,350,000 in 1978 and $399,786,000 in 1977. Exchange gains and losses were not material in either year. Undistributed earnings of foreign subsidiaries included in consolidation were $10,048,000 for 1978 and $27,667,000 for 1977 and aggregated $143,271,000 at December 31, 1978. Dart has not considered it necessary to provide for deferred United States income taxes in excess of available foreign tax credits on $136,821,000 of this total because it has been or is expected to be reinvested outside the United States for an indefinite period of time. Dividends of $35,835,000 in 1978 and $14,636,000 in 1977 were received from foreign subsidiaries.

Resort development operations

A summary of accounts relating to resort development operations at December 31 (excluding intercompany accounts) follows:

	1978	1977
ASSETS:		
Cash, prepaid expenses, etc.	$ 347,000	$ 2,260,000
Notes receivable, 6% to 9%	46,970,000	29,950,000
Deferred profit on land sales	(14,779,000)	(10,606,000)
Land and improvements	17,920,000	28,568,000
Properties and other assets	1,254,000	3,485,000
Total assets	$51,712,000	$53,657,000
LIABILITIES:		
Accounts payable, accrued costs and expenses, etc.	$ 8,663,000	$ 9,324,000
Total liabilities	$ 8,663,000	$ 9,324,000

Principal collections on notes receivable are due in the five years subsequent to December 31, 1978 as follows: 1979—$4,585,000; 1980—$5,194,000; 1981—$3,473,000; 1982—$2,525,000; 1983—$1,970,000.

Total estimated costs to complete improvements relating to active projects, based on management estimates and engineering studies, amount to $5,000,000 and anticipated expenditures relating to such improvements are expected to be incurred as follows: 1979—$1,700,000; 1980—$1,600,000; after 1980—$1,700,000.

"Cost of goods sold and operating expenses" includes deferred profit on resort lot sales of $9,328,000 for 1978 and $4,811,000 for 1977. Profit, previously deferred, taken into earnings aggregated $4,580,000 for 1978 and $2,616,000 for 1977.

Income taxes

Income taxes charged to earnings consist of the following:

	1978	1977
PAYABLE CURRENTLY:		
Federal	$ 65,800,000	$50,100,000
Foreign	45,300,000	35,200,000
State	10,600,000	8,000,000
	121,700,000	93,300,000
TAX EFFECT OF TIMING DIFFERENCES:		
Federal	4,700,000	200,000
Foreign	2,900,000	(2,100,000)
State	500,000	100,000
	8,100,000	(1,800,000)
Provision for income taxes	$129,800,000	$91,500,000

The tax effect of timing differences, resulting from variances between accounting for financial statement purposes and accounting for tax purposes, is as follows:

	1978	1977
Depreciation	$5,500,000	$ 3,900,000
Instalment sales	700,000	(1,600,000)
Accrued taxes and other expenses not deductible until paid	(400,000)	200,000
Provision for elimination, change or sale of certain operations	200,000	(4,300,000)
Provision for unrepatriated foreign earnings	2,100,000	
Tax effect of timing differences	$8,100,000	$(1,800,000)

Income taxes charged to earnings differ from an amount computed using the United States federal income tax rate of 48%. A reconciliation between an amount computed using the 48% rate and the provision for income taxes is as follows:

	1978	1977
Amount computed using the 48% rate	$123,100,000	$96,300,000
Increase (reduction) in taxes result from:		
State income taxes	5,800,000	4,200,000
Foreign income taxes	3,100,000	(3,700,000)
Investment tax credit	(3,700,000)	(5,500,000)
Other	1,500,000	200,000
Provision for income taxes	$129,800,000	$91,500,000

Short term loans and borrowing arrangements

Short term loans, primarily foreign, are unsecured and aggregated a maximum of $19,828,000 and $23,636,000 at any monthend in 1978 and 1977, respectively. Weighted average borrowings and interest rates during the year were $15,702,000 and 18.9% in 1978 and $19,559,000 and 11.1% in 1977. At December 31, 1978 and 1977, the weighted average interest rates were 19.4% and 11.0%, respectively. Higher 1978 interest rates mainly are due to higher loan levels in Latin America.

Unused lines of short term credit, primarily with United States banks, totaled $44,200,000 at December 31, 1978 and provide for unsecured ninety day loans generally at the banks' prime rates. Compensating balance requirements under these credit lines are not material.

In 1978 Dart entered into a revolving credit/term loan agreement aggregating $125,000,000 with a group of nine banks on an unsecured basis. The agreement provides for borrowing at the prime rate or Dart may elect Eurodollar pricing. Dart also may elect a four year term loan option at increased interest rates. Weighted average commitment fees are less than one-half of one percent and there are no compensating balance requirements. No amounts have been borrowed under this agreement.

Long term debt

Total principal payments due on long term debt in the five years subsequent to December 31, 1978 are as follows: 1979—$9,823,000; 1980—$14,146,000; 1981—$21,054,000; 1982—$15,431,000; 1983—$12,624,000.

The 7½% Debentures are due April 1, 1996. Through the operation of a mandatory sinking fund, Dart is obligated to redeem $4,000,000 aggregate principal amount of these Debentures on April 1 in each of the years 1982 through 1995.

The 8⅞% and 9⅛% Sinking Fund Debentures are obligations of a subsidiary, P.R. Mallory & Co. Inc. Mandatory sinking fund redemptions aggregate $2,000,000 annually beginning in 1982 and increase to $3,000,000 annually beginning in 1988.

Retained earnings at December 31, 1978 included $240,000,000 available for cash dividends under provisions of Dart's loan agreements.

Stock options

1,204,200 shares of Dart Common Stock are reserved for options granted or available for grant to officers and employees under stockholder approved stock option plans. Options for 1,380,200 shares were exercised prior to 1978.

Under the plans, the option purchase price for all options granted is 100% of the fair market value of the shares on the date of grant. Options granted are exercisable in instalments after one year and before the end of five years or ten years depending on the nature of the option. Proceeds received from exercise of options are credited to the capital accounts. Options for 295,000 shares were granted in 1978.

During 1978 Dart's Board of Directors approved an amendment to the Stock Option Plan, subject to approval by stockholders, to give stock appreciation rights to holders of certain options. Such rights allow the holders to elect to surrender these options for payment of an amount equal to the excess of the fair market value at the surrender date over the option price of the options surrendered. Compensation expense associated with these stock appreciation rights was $1,169,000 in 1978.

A summary of changes during 1978 follows:

	OPTIONS OUTSTANDING		
	SHARES	PRICE RANGE	AMOUNT
At beginning of year	577,200	$21.21 to $46.69	$20,659,000
Options granted	295,000	$45.88	13,533,000
Options exercised	(52,600)	$22.03 to $33.72	(1,735,000)
Options canceled	(10,000)	$33.60 to $44.91	(400,000)
At end of year	809,600	$21.21 to $46.69	$32,057,000

At December 31, 1978, options for 457,900 shares of Common Stock were exercisable at prices ranging from $21.21 to $46.69 and 394,600 shares were available for grant.

Preferred Stock

Holders of the Series A $2 Cumulative Convertible Preferred Stock are entitled to receive $2 per share annual cash dividends, to one vote per share and, upon any voluntary liquidation, dissolution or winding up, to receive $50 per share plus accrued unpaid dividends. Each share of the Preferred Stock is convertible by the holder into Common Stock on a share for share basis adjusted for stock dividends in excess of 3% in any one year or for recapitalization. The Preferred Stock may be called for redemption at $55 per share plus accrued unpaid dividends.

Retirement plans

Dart and certain of its United States subsidiaries continued the contributory profit sharing retirement plan, established in 1955, and the non-contributory pension plan, established in 1975, which together constitute the principal retirement program covering all employees who have one or more years of employment with Dart, and who are not covered by a collective bargaining agreement or by another Company-sponsored retirement plan. Dart and its subsidiaries also have several pension plans covering substantially all of their employees not covered by the principal retirement program, including certain employees in foreign countries.

The contribution to be made under the Dart profit sharing plan amounted to $10,870,000 for 1978 and was $8,114,000 for 1977. The other pension expense was $12,992,000 for 1978 and $11,619,000 for 1977 which includes, as applicable, amortization of prior service cost principally over a period of 30 years.

The aggregate Dart contribution to the profit sharing plan in any year is based upon consolidated earnings before federal income taxes, as defined, is limited to 6% of such earnings and cannot exceed the amount deductible for federal income tax purposes.

With respect to pension plans, Dart's policy is, generally, to contribute pension cost accrued. The actuarially computed value of vested benefits for all plans exceeded, as of December 31, 1978, the total of pension fund assets and accruals by about $35,500,000. The total estimated unfunded prior service cost relative to all pension plans in effect was approximately $76,500,000 at December 31, 1978. These amounts increased over the prior year primarily due to the acquisition of P. R. Mallory and benefit improvements in certain plans.

Incentive compensation

Under the formula incorporated in Dart's 1962 stockholder approved Incentive Compensation Plan for principal officers and key employees, the Incentive Compensation Committee and the Executive Committee of the Board of Directors awarded to 108 principal officers and key employees $3,318,000 ($2,531,000 for 1977) of the total of $10,660,000 available for 1978. No outside director participates in this plan.

Pursuant to stockholder authority granted in 1962, various other approved plans are in effect for divisions and subsidiaries of Dart. No principal officer or director participates in these plans. The above named committees awarded $7,527,000 ($6,268,000 for 1977) to 454 persons in these categories. The total amount available under the plans was $14,252,000.

Amounts available but not awarded under such plans are not available for future awards.

Capital expenditures

It is estimated that capital expenditures for 1979 will be about $130,000,000.

Earnings per share of Common Stock

Primary earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period increased by the effect of dilutive stock options. Such increased average shares were 23,201,100 for 1978 and 23,160,200 for 1977. Net earnings attributable to Common Stock are after deducting Preferred dividend requirements.

Fully diluted earnings per share are based on the weighted average number of shares of Common Stock outstanding during each period, assumption of conversion of Series A $2 Cumulative Convertible Preferred Stock and assumption of exercise of all dilutive stock options. Such increased average shares were 26,143,500 for 1978 and 26,126,700 for 1977.

Supplementary earnings statement information

Charges to costs and expenses for the years ended December 31 include the following:

	1978	1977
Maintenance and repairs	**$57,126,000**	$51,091,000
Taxes, except income taxes:		
Payroll	**31,165,000**	26,606,000
Property, business and other	**12,137,000**	11,803,000
Advertising	**12,782,000**	10,298,000
Research and development	**10,589,000**	9,347,000

Unaudited general description of the impact of inflation

Dart's diverse lines of business have generally experienced inflationary pressures on production and other costs to varying degrees based upon changes in price levels of the basic raw materials and other goods and services used by each business in its operations. The magnitude of the changes fluctuates from business to business and within businesses by geographic area. The ability of each business to compensate for increases in the prices of specific goods and services by increasing sales prices is affected by competitive conditions in the markets in which the businesses operate. The diversity of Dart's businesses has tended to minimize overall any adverse effects on earnings from uncompensated inflation in any one of its operations.

Replacing items of plant and equipment with assets having equivalent productive capacity has usually required a greater capital investment than was required to purchase the assets being replaced. The additional capital investment principally reflects the cumulative impact of inflation on the long-lived nature of these assets.

Dart's annual report on Form 10-K (a copy of which is available upon request) contains specific information with respect to yearend 1978 and 1977 estimated replacement cost of inventories and productive capacity and the approximate effect which estimated replacement cost would have had on the computation of cost of goods sold and depreciation expense.

Unaudited interim financial information

	1978			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales	**$408,190,000**	**$478,809,000**	**$424,176,000**	**$508,922,000**
Cost of goods sold and operating expenses	**245,500,000**	**278,622,000**	**268,105,000**	**288,600,000**
Earnings before taxes	**52,294,000**	**78,923,000**	**51,696,000**	**73,497,000**
Net earnings	**27,294,000**	**39,623,000**	**27,036,000**	**32,657,000**
Earnings per share of Common Stock:				
Primary	**1.11**	**1.65**	**1.10**	**1.34**
Fully diluted	**1.04**	**1.52**	**1.03**	**1.25**

	1977			
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net sales	$369,916,000	$412,834,000	$393,401,000	$424,837,000
Cost of goods sold and operating expenses	220,877,000	240,441,000	247,690,000	242,054,000
Earnings before taxes	43,871,000	63,712,000	41,804,000	51,309,000
Net earnings	23,171,000	33,912,000	24,404,000	27,709,000
Earnings per share of Common Stock:				
Primary	.94	1.40	.99	1.13
Fully diluted	.89	1.29	.94	1.06

Obligations under capital leases

Dart has recorded as assets certain properties and property rights acquired by the Company under capital leases. The related discounted lease obligations are set forth separately in the accompanying balance sheet.

The current and long term portions of obligations under capital leases aggregating $12,938,000 represent future minimum lease payments under capital leases reduced to present value by deducting $9,855,000 as the amount representing interest. Future minimum lease payments, including amounts representing interest, are payable approximately $2,000,000 annually through 1983 and $14,000,000 in total thereafter.

Commitments and contingencies

Dart leases real estate, transportation equipment and other machinery and equipment under short and long term, cancelable and noncancelable lease agreements which generally provide for fixed monthly payments over the terms of the leases. Many leases require additional payments for property taxes, insurance and maintenance.

Rental expense (reduced by sublease income of $2,949,000 in 1978 and $2,797,000 in 1977) totaled $34,411,000 in 1978 and $31,935,000 in 1977.

Minimum rental commitments under noncancelable leases in effect at December 31, 1978, are payable as follows: 1979—$29,779,000; 1980—$16,970,000; 1981—$9,353,000; 1982—$7,072,000; 1983—$5,251,000; after 1983—$22,657,000. Future sublease rentals receivable total $5,518,000.

Dart is a defendant in certain suits in which substantial damages are claimed involving its Tahoe Donner resort development project and its former Rexall Drug operations. In addition, certain other law suits have been filed against Dart relative to its present and former operations. In the opinion of management and legal counsel, the ultimate disposition of the suits would not have a materially adverse effect on Dart's financial position or results of operations.

Report of Independent Accountants

Price Waterhouse & Co.

606 South Olive Street
Los Angeles 90014

February 26, 1979

To the Board of Directors and
Stockholders of Dart Industries Inc.

In our opinion, based upon our examinations and the report of other independent accountants referred to below, the accompanying consolidated financial statements on pages 24 to 39 present fairly the financial position of Dart Industries Inc. and consolidated subsidiaries at December 31, 1978 and 1977, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the consolidated financial statements of P.R. Mallory & Co. Inc., a consolidated subsidiary acquired as of November 30, 1978, which statements reflect total assets constituting 15% of consolidated total assets at December 31, 1978. These statements were examined by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to such amounts included for P.R. Mallory & Co. Inc., is based solely upon the report of the other independent accountants.

Price Waterhouse & Co.

Management's Discussion and Analysis

Dart Industries' net sales and net earnings have increased in each of the past five years. Certain trends during the recent past are discussed below.

1978 Compared with 1977

Net sales in 1978 increased $219 million (14%) compared with 1977. All operating segments realized sales gains. Direct Selling accounted for 41% of the total increase, and Glass Containers 18%. Net sales from Mallory, which was acquired late in 1978 and is included only for the month of December, accounted for $35 million (16%) of the total increase. Net sales from operations outside the United States were $459 million, an increase of $59 million (15%) over 1977 and accounted for 25% of total 1978 net sales.

Cost of goods sold and operating expenses increased $130 million (14%) compared with 1977, and totaled 59% of net sales in both years. Margins in plastic raw materials were depressed due to weak pricing, production at less than efficient levels, and higher costs. Improvements in margins in other units offset these declines. The Glass Containers segment, where a four-week strike in 1977 depressed margins significantly, showed great improvement in 1978.

Depreciation and amortization increased $7 million (11%) compared with 1977 and results from continuing high levels of capital expenditures.

Interest expense increased $3 million (13%) from the prior year as a result of higher interest rates paid on short term borrowings and the addition of the Mallory debt.

Provision for income taxes increased $38 million (42%) compared with 1977, reflecting the improvement in earnings. The effective tax rate increased from 46% to 51% principally because of reduced investment tax credits and increased effective tax rates on foreign earnings.

1977 Compared with 1976

Net sales in 1977 increased $125 million (8%) compared with 1976. All operating segments, except Consumer Products, realized sales gains with Direct Selling accounting for approximately half of the total increase. Consumer Products sales in 1976 included $45 million from the United States Rexall Drug Company operations which were sold in January 1977. Net sales from operations outside the United States were $400 million, an increase of $36 million (10%) over 1976 and accounted for 25% of total 1977 net sales.

Cost of goods sold and operating expenses increased $75 million (9%) compared with 1976. Margins in the Chemical-Plastics and Glass Containers segments were depressed by the inability to increase prices sufficiently to compensate for higher raw material, labor and operating costs and, in Glass Containers, by a four-week industry-wide strike of mold makers. Improved margins in the remaining segments offset these declines with the result that the relationship of cost of goods sold and operating expenses to net sales remained constant at 59% in both years.

Depreciation and amortization increased $7 million (13%) compared with 1976 and results from continuing plant expansions.

Interest expense increased $4 million (22%) compared with 1976 as a result of $25 million of long term borrowing in December 1976 and higher levels of foreign short term loans.

Provision for income taxes increased $3 million (3%) compared with 1976 as a result of increased earnings. The effective tax rate declined from 47% to 46%, principally as a result of lower effective foreign tax rates.

Dart Industries Inc. and Consolidated Subsidiaries

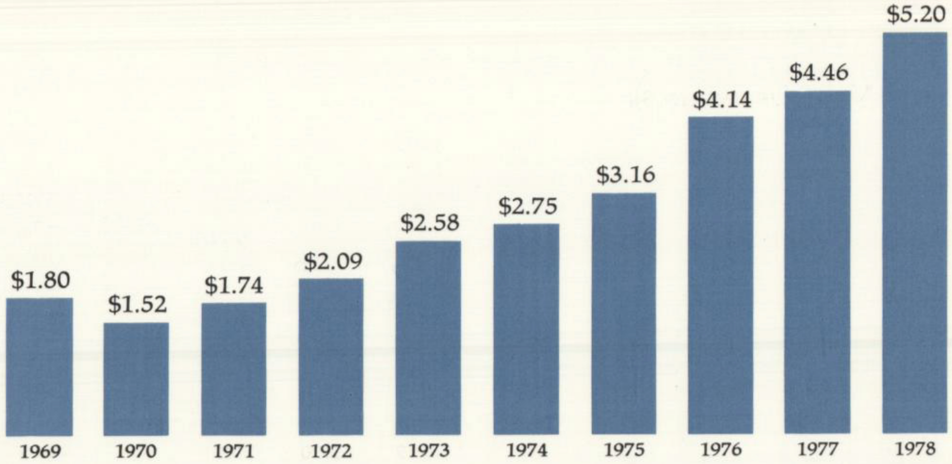
Five Year Summary of Operations

(Dollar amounts in thousands except per share data)	1978	1977	1976	1975	1974
For the Year					
Net sales	$1,820,097	$1,600,988	$1,476,240	$1,280,407	$1,218,042
Cost of goods sold and operating expenses	1,080,827	951,062	876,401	787,474	724,204
Depreciation and amortization	66,015	59,423	52,422	46,228	44,105
Interest expense	23,148	20,512	16,768	14,484	14,648
Earnings before taxes	256,410	200,696	190,613	156,488	140,690
Provision for income taxes	129,800	91,500	89,000	77,500	71,393
Net earnings	126,610	109,196	101,613	78,988	69,297
Earnings per share of Common Stock					
Primary	5.20	4.46	4.14	3.16	2.75
Fully diluted	4.84	4.18	3.88	3.01	2.63
Cash dividends per share of Common Stock	1.60	1.00	.66	.57	.42
Cash dividends paid					
Common Stock	37,070	22,787	15,045	13,041	9,334
Preferred Stock	5,873	5,902	5,908	5,910	5,913
Common Stock dividends		3%	3%	3%	3%
Net earnings applicable to Common Stock after Preferred dividend requirements	120,737	103,294	95,705	73,078	63,384
Properties acquired	98,871	94,571	120,604	93,351	70,730
At Yearend					
Current assets	$ 916,528	$ 795,037	$ 708,883	$ 609,238	$ 556,309
Current liabilities	484,473	274,486	243,283	215,161	215,036
Working capital	432,055	520,551	465,600	394,077	341,273
Properties (net)	614,792	504,685	476,346	414,719	370,039
Total assets	1,792,084	1,440,236	1,326,479	1,190,687	1,114,858
Long term debt	287,572	238,716	241,188	214,133	193,380
Deferred income taxes	68,000	58,800	54,500	49,400	51,900
Stockholders' equity	931,461	846,013	765,077	683,776	623,738
Shares of stock outstanding					
Common	23,208,200	23,132,600	23,111,200	23,091,700	23,088,600
Preferred	2,925,500	2,948,500	2,953,500	2,953,900	2,956,300
Stockholders					
Common	27,630	28,789	30,231	31,141	32,088
Preferred	4,758	5,204	5,696	5,929	6,028
Employees	41,855	31,201	29,801	28,612	29,566

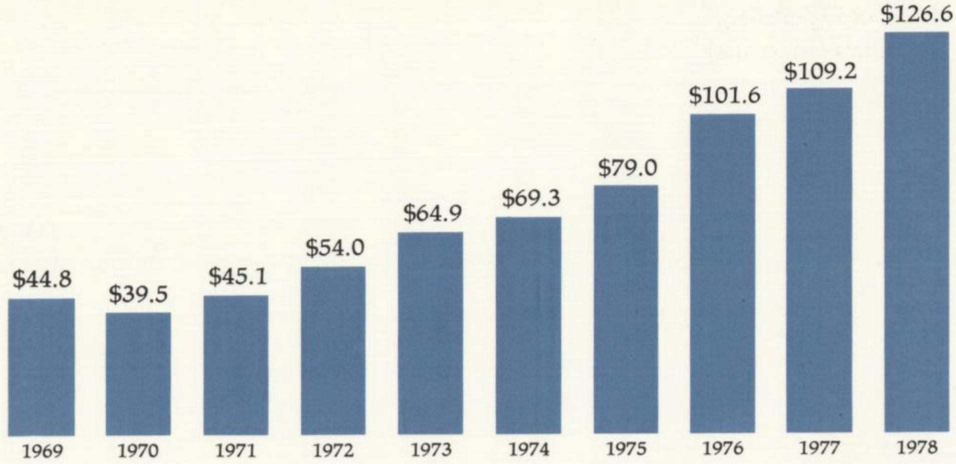
The shares of Common Stock outstanding, cash dividends per share and earnings per share for 1976 and prior years have been adjusted retroactively to give effect to subsequent stock dividends.

Ten Years at a Glance

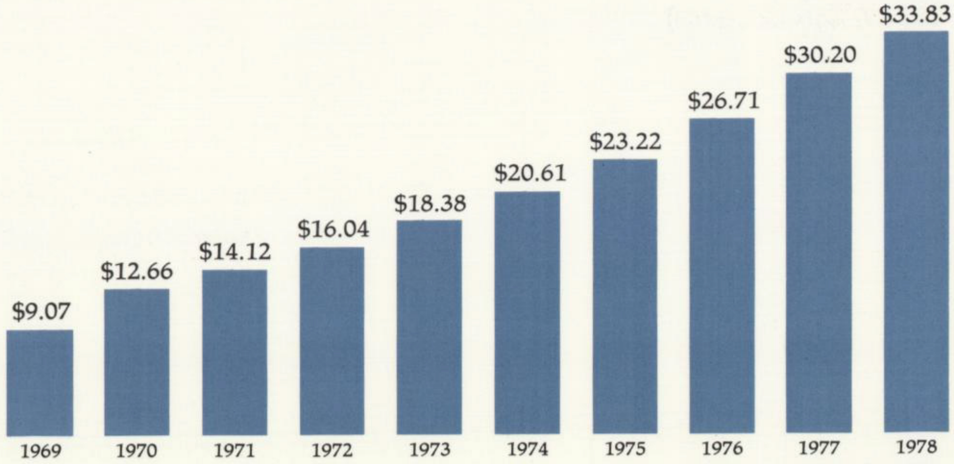
Earnings Per Share[1][2]



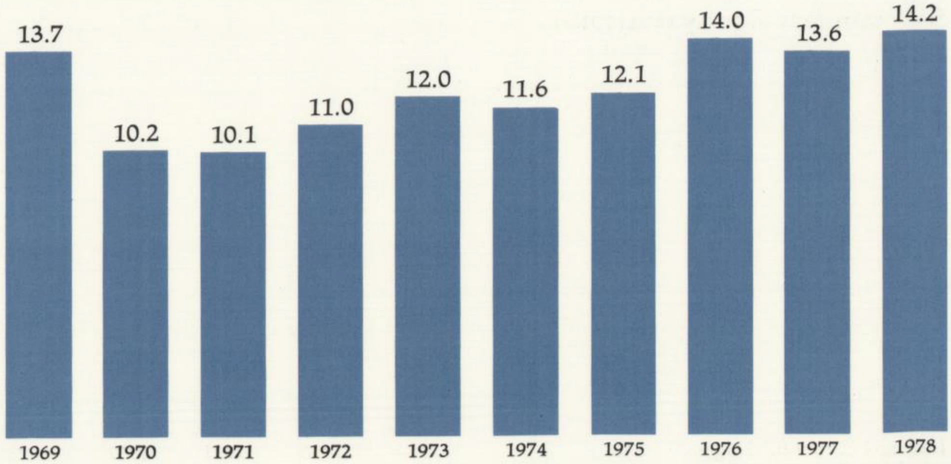
Total Net Earnings (MILLIONS)[2]



Book Value Per Common Share[1]

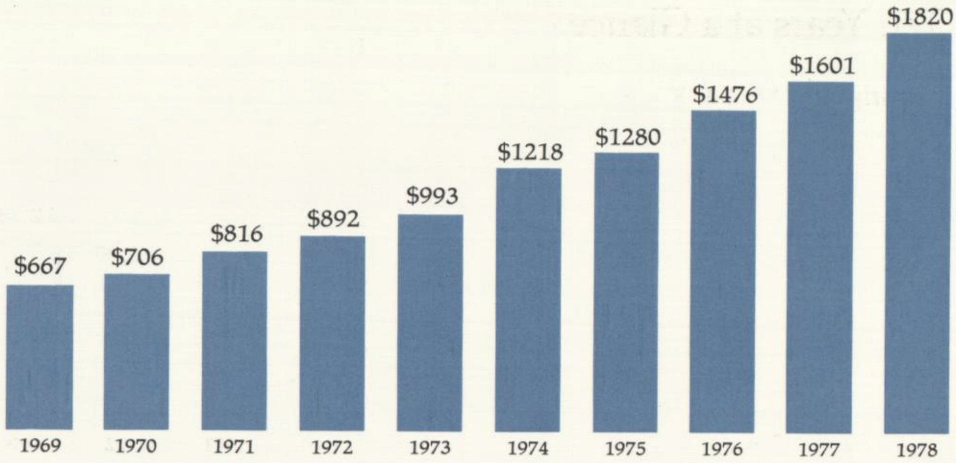


After-Tax Return on Average Stockholders' Equity (PERCENT)[2]

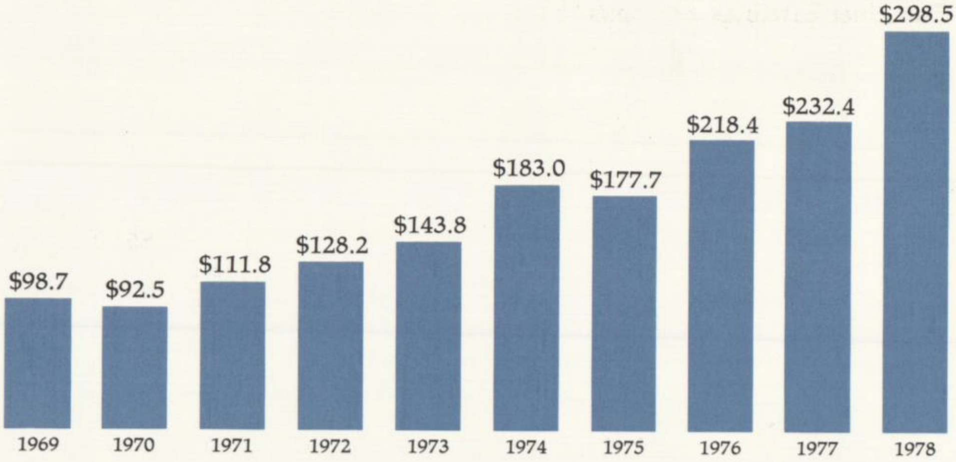


1. *Years prior to 1977 restated for 3% stock dividend paid May, 1977.*
2. *Does not include extraordinary gains.*

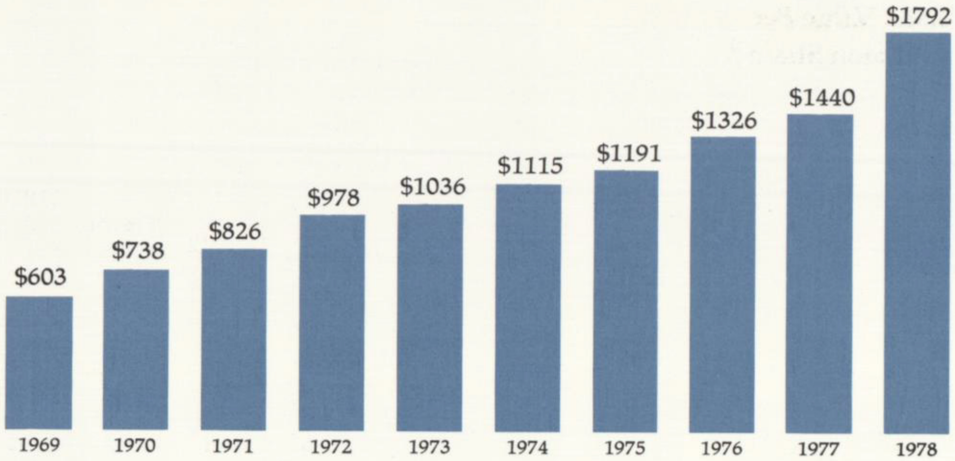
Total Net Sales (MILLIONS)



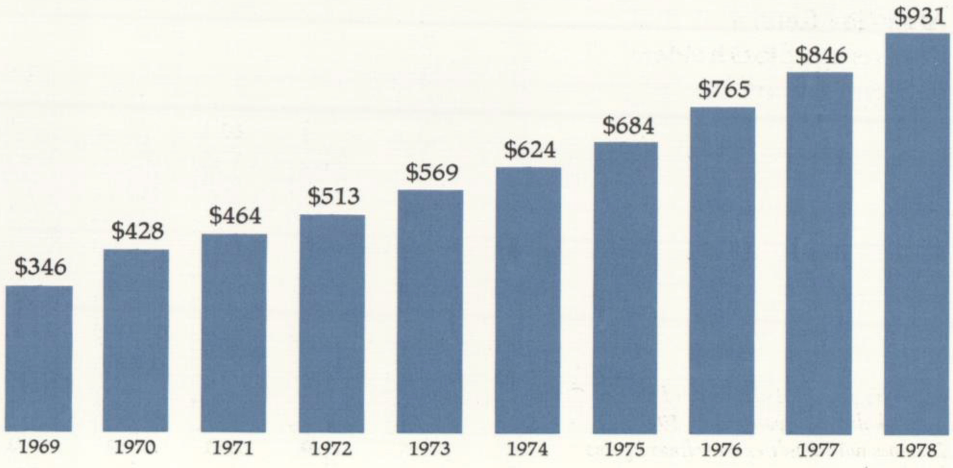
Pre-Tax Operating Earnings (MILLIONS)[1]



Total Assets (MILLIONS)



Stockholders' Equity (MILLIONS)



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1. Before Corporate charges.

Board of Directors

***Dwayne O. Andreas,** Chairman and Chief Executive Officer, Archer-Daniels-Midland Company; Director, National City Bank of Minneapolis, Lone Star Industries, and White Motor Corporation

***Curtis Barkes,** Retired Director and Chairman of the Finance and Audit Committee, UAL, Inc.

†Charles A. Barnes, Chairman of the Executive Committee, P.R. Mallory

Robert T. Beattie, Executive Vice President

Russell K. Bolton, Vice President and General Counsel

***Donald H. Brewer,** Retired Executive Vice President of the Company; Retired Vice Chairman of the Board of Directors

***Edward E. Carlson,** Chairman, Chief Executive Officer and Director, UAL, Inc.; Director of United Airlines and other UAL subsidiaries; Director of Deere & Company, First Chicago Corp., First National Bank of Chicago, Seattle-First National Bank, Seafirst Corp., and Univar Corp.

Justin Dart, Chairman of the Board of Directors and Chief Executive Officer

†Clark Daugherty, Executive Vice President; Chairman and Chief Executive Officer, P.R. Mallory

John P. Del Favero, Vice President; President, Chemical-Plastics Group

***William T. Gossett,** Counsel, Dykema, Gossett, Spencer, Goodnow & Trigg, Attorneys, Detroit, Michigan; Past President, American Bar Association; Director of One William Street Fund, Inc.; Chairman Emeritus, Executive Committee, Twentieth Century-Fox Film Corporation

Joseph Hara, Vice President; President, Tupperware U.S. and Executive Vice President, Tupperware International

Ralph M. Knight, Executive Vice President

Phillip D. Matthews, Executive Vice President, Finance and Administration, and Chief Financial Officer

Thomas P. Mullaney, President and Chief Operating Officer

***Franklin B. Pollock,** Retired Vice Chairman of the Board of Directors

***Elwood R. Quesada,** Lieut. General, United States Air Force (Retired); Chairman of the Board and Chief Executive Officer, L'Enfant Plaza Properties, Inc., urban development complex in Washington, D.C.; Chairman of the Board and President, Pennsylvania Avenue Development Corporation, U.S. Government Corporation charged with rebuilding the north side of Pennsylvania Avenue

***Stanley M. Rumbough, Jr.,** Investments and business development; Director of International Flavors and Fragrances, Inc., and other Corporations

***William E. Simon,** Senior Consultant, Blyth Eastman Dillon & Co., Inc., and Senior Advisor, Booz Allen & Hamilton, Inc.; Director of Citibank and Citicorp, INA Corporation, and Xerox Corporation

***Jacob W. Stutzman,** M.D., President of Riker Laboratories, Inc., ethical drug manufacturer and a subsidiary of 3M Company

***Holmes Tuttle,** President and Director of Holmes Tuttle Enterprises; Director Emeritus of Trans World Airlines, Inc.; Director of Community Bank and Challenge-Cook Bros., Inc., Los Angeles, California

Hamer F. Wilson, Executive Vice President; Chairman, Direct Selling Group

Ralph Wilson, Jr., D.D.S., President of Decorative Building Products sector, Chemical-Plastics Group

***R.D. Ziegler,** President and Director of The Ziegler Company, Inc., financial services holding company, and Director of Western Publishing Company, Inc.

Honorary Directors—John C. Cornelius; Alfred M. Gruenther

*Non-management Directors
†Elected to Board January 30, 1979

Committees of the Board of Directors

PRINCIPAL COMMITTEES OF THE BOARD OF DIRECTORS ARE MADE UP OF A MAJORITY OF NON-MANAGEMENT DIRECTORS.

THE COMMITTEES ARE AN IMPORTANT FACTOR IN MONITORING OVERALL CORPORATE PERFORMANCE.

Executive Committee	Justin Dart, Chairman *Curtis Barkes †*Donald H. Brewer *Edward E. Carlson *William T. Gossett Thomas P. Mullaney *William E. Simon *Holmes Tuttle Dale Reis, Secretary	The Executive Committee works directly with the Chairman and President in considering and advising on important policy matters affecting the corporation. The committee, which consists of six non-management directors and the Company's chairman and president, acts on behalf of the Board when the full Board of Directors is not in session.
Audit Committee	*Curtis Barkes, Chairman †*Donald H. Brewer *Edward E. Carlson *William T. Gossett *Holmes Tuttle *R. D. Ziegler	The Audit Committee, made up entirely of non-management directors, periodically meets with the internal and external auditors and recommends the firm of independent public accountants retained by the Company. The committee reviews the scope and adequacy of the Company's accounting and financial reporting policies, practices and internal controls and monitors compliance with the Company's code of ethics. It also reviews the scope of the independent accountant's examination and reviews and approves the financial statements included in the Annual Report.
Stock Option and Incentive Compensation Committee	*Holmes Tuttle, Chairman *Curtis Barkes †*Donald H. Brewer *Edward E. Carlson *William T. Gossett	The Stock Option and Incentive Compensation Committee is comprised entirely of non-management directors, none of whom participate in any of Dart's management compensation programs. It is responsible for recommending to the Board salaries, incentive compensation, and stock option awards for senior management.
Nominating Committee	Justin Dart *Curtis Barkes *Holmes Tuttle	The Nominating Committee is responsible for recommending candidates for Board membership and Board committees, and officers of the Company. The committee consists of one management and two non-management directors.

*Non-management Directors

†Retired as officer 1977

Officers

Justin Dart, Chairman of the Board of Directors and Chief Executive Officer

Thomas P. Mullaney, President and Chief Operating Officer

Robert T. Beattie, Executive Vice President

***Clark Daugherty,** Executive Vice President; Chairman and Chief Executive Officer, P.R. Mallory

Ralph M. Knight, Executive Vice President

Phillip D. Matthews, Executive Vice President, Finance and Administration, and Chief Financial Officer

Hamer F. Wilson, Executive Vice President; Chairman, Direct Selling Group

Russell K. Bolton, Vice President and General Counsel

Walter Bond, Vice President; Executive Vice President, Tupperware International

Vincent R. Cucina, Vice President, Financial Planning

Elmer M. Davis, Vice President; President, Housewares division, Consumer Products Group

John P. Del Favero, Vice President; President, Chemical-Plastics Group

F. William Graham, Vice President; President, Consumer Products Group

William H. Greenberg, Vice President; President, Glass Containers Group

Joseph Hara, Vice President; President, Tupperware U.S. and Executive Vice President, Tupperware International

Thomas M. Mullen, Vice President and Treasurer

William R. Palmer, Vice President and Controller

John C. Phifer, Vice President; President, Chemical Specialties sector, Chemical-Plastics Group

Herschel A. Phillips, Vice President, Labor Relations

James P. Schwartz, Vice President; President, Styro Products sector, Chemical-Plastics Group

Norman Wicks, Vice President, Corporate Relations

Edgar Thedens, Secretary

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*Elected Company executive vice president January 30, 1979

Investor Information

	1978 Quarters					1977 Quarters				
	1	2	3	4	FULL YEAR	1	2	3	4	FULL YEAR
Common Stock										
High	**39¾**	**45⅞**	**49½**	**45⅞**	**49½**	34½	39	38½	37⅜	39
Low	**34**	**38¼**	**41¾**	**34½**	**34**	29⅜	30⅝	34½	32	29⅜
Preferred Stock										
High	**40**	**46**	**49½**	**45⅝**	**49½**	39	41⅜	40¾	40	41⅜
Low	**35½**	**38⅞**	**41¾**	**34½**	**34½**	33¼	35	37	34¼	33¼
Cash Dividends										
Common	**.40**	**.40**	**.40**	**.40**	**1.60**	.25	.25	.25	.25	1.00
Preferred		**1.00**		**1.00**	**2.00**		1.00		1.00	2.00

[1] Dart Industries' Common and Preferred Stocks are listed principally on the New York Stock Exchange under the symbols "D" and "DPr," respectively. Prices noted are based on NYSE market prices. Dart Industries' Common Stock also is listed on the Boston, Pacific and London exchanges.

Dividend Reinvestment Plan

The Company offers a dividend reinvestment program for its Common Stockholders, which is administered through Morgan Guaranty Trust Company of New York.

Under the program, dividends are reinvested automatically at no cost to participating Stockholders for either the brokerage commission or a service charge. Participants may also purchase additional shares with periodic cash contributions.

Full details on the program may be obtained by writing Morgan Guaranty Trust Company, P.O. Box 3506, New York, New York 10008.

Transfer Agents and Registrars

Morgan Guaranty Trust Company
of New York
New York, New York

Bank of America National Trust
and Savings Association
San Francisco, California

State Street Bank and
Trust Company
Boston, Massachusetts

Another Way to Look at Company Revenues

Dart Industries' revenues for 1978 totaled $1.8 billion compared with $1.6 billion in 1977.

Approximately 26 percent of total revenues for 1978 and 1977 were paid to employees in wages and benefits.

Approximately 2.3 percent of revenues were paid to Stockholders in cash dividends in 1978—1.8 percent were paid in 1977.

Net earnings in 1978 were 6.8 percent of total revenues compared with 6.7 percent in 1977.

Approximately 66 percent of net earnings in 1978 and 74 percent in 1977 were retained in the Company for investment in new plants and equipment and the creation of new jobs.